

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION

IN RE:

Chapter 11 Cases

MOSAIC MANAGEMENT GROUP, INC.,
MOSAIC ALTERNATIVE ASSETS LTD., and
PALADIN SETTLEMENTS, INC.,¹

Case No.: 16-20833-EPK
(Jointly Administered)

Debtors.

**DISCLOSURE STATEMENT FOR THE PLAN PROPONENTS' JOINT PLAN OF
REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

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DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE *PLAN PROPONENTS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE*, DATED APRIL 7, 2017, PROPOSED BY MOSAIC MANAGEMENT GROUP, INC., MOSAIC ALTERNATIVE ASSETS LTD., AND PALADIN SETTLEMENTS, INC., THE DEBTORS AND THE DEBTORS-IN-POSSESSION IN THE ABOVE-CAPTIONED CHAPTER 11 CASES (COLLECTIVELY, THE “DEBTORS”),² THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS, AND THE COMMITTEE OF INVESTOR CREDITORS OF MOSAIC ALTERNATIVE ASSETS, LTD. (COLLECTIVELY, THE “PLAN PROPONENTS”). THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO SOLICITATION OF VOTES TO ACCEPT THE PLAN MAY BE MADE EXCEPT PURSUANT TO SECTION 1125 OF TITLE 11 OF THE UNITED STATES CODE.

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN *IN THEIR ENTIRETY* BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. ALL HOLDERS OF CLAIMS SHOULD CAREFULLY READ AND CONSIDER FULLY THE RISK FACTORS SET FORTH IN SECTION V OF THIS DISCLOSURE STATEMENT (“RISK FACTORS IN CONNECTION WITH THE PLAN”) BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. A COPY OF THE PLAN IS ANNEXED HERETO AS EXHIBIT “1”. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ANNEXED TO THE PLAN AND THIS DISCLOSURE STATEMENT, INCLUDING THE DEFINITIONS OF TERMS CONTAINED IN SUCH DOCUMENTS. ALL EXHIBITS TO THE DISCLOSURE STATEMENT ARE INCORPORATED INTO AND ARE A PART OF THIS DISCLOSURE STATEMENT AS IF SET FORTH IN FULL HEREIN.

THE DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016(b) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH OTHER NON-BANKRUPTCY LAW. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS AGAINST THE DEBTORS SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED. THIS DISCLOSURE STATEMENT SHALL NOT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE REORGANIZATION OF THE DEBTORS AS TO HOLDERS OF CLAIMS AGAINST THE DEBTORS.

AS TO ANY CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT

² Unless otherwise defined, capitalized terms used herein shall have the meaning ascribed to such terms in the Plan.

SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT WILL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, NOR WILL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, THE DEBTORS AND DEBTORS-IN-POSSESSION IN THESE CHAPTER 11 CASES.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN. ALTHOUGH THE PLAN PROPONENTS BELIEVE AND HAVE MADE EVERY EFFORT TO ENSURE THAT THIS SUMMARY PROVIDES ADEQUATE INFORMATION WITH RESPECT TO THE PLAN, IT DOES NOT PURPORT TO BE COMPLETE AND IS QUALIFIED TO THE EXTENT IT DOES NOT SET FORTH THE ENTIRE TEXT OF THE PLAN. IF THERE IS ANY INCONSISTENCY BETWEEN THE PLAN AND THE SUMMARY OF THE PLAN CONTAINED IN THIS DISCLOSURE STATEMENT, THE PLAN SHALL CONTROL. ACCORDINGLY, EACH HOLDER OF A CLAIM SHOULD REVIEW THE PLAN IN ITS ENTIRETY.

NO HOLDER OF A CLAIM SHOULD RELY ON ANY INFORMATION RELATING TO THE DEBTORS, THEIR PROPERTY OR THE PLAN OTHER THAN THAT CONTAINED IN THIS DISCLOSURE STATEMENT AND THE ATTACHED EXHIBITS. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND (I) THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF, AND (II) THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION STATED SINCE THE DATE HEREOF.

THIS DISCLOSURE STATEMENT, THE PLAN, AND THE COMMITTEES' LETTERS IN SUPPORT OF CONFIRMATION OF THE PLAN ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ACCEPTING THE PLAN. NO REPRESENTATIONS HAVE BEEN AUTHORIZED BY THE BANKRUPTCY COURT CONCERNING THE DEBTORS OR THE PLAN, EXCEPT AS EXPLICITLY SET FORTH IN THE DISCLOSURE STATEMENT. APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT INDICATE THAT THE BANKRUPTCY COURT RECOMMENDS EITHER ACCEPTANCE OR REJECTION OF THE PLAN NOR DOES SUCH APPROVAL CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT OF THE FAIRNESS OR MERITS OF THE PLAN OR OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT.

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTANT AND MAY NOT HAVE BEEN PREPARED IN ACCORDANCE WITH

ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES.

ALTHOUGH THE ATTORNEYS, ADVISORS AND OTHER PROFESSIONALS EMPLOYED BY THE DEBTORS HAVE ASSISTED IN PREPARING THIS DISCLOSURE STATEMENT BASED UPON FACTUAL INFORMATION AND ASSUMPTIONS RESPECTING FINANCIAL, BUSINESS, AND ACCOUNTING DATA FOUND IN THE BOOKS AND RECORDS OF THE DEBTORS, THEY HAVE NOT INDEPENDENTLY VERIFIED SUCH INFORMATION AND MAKE NO REPRESENTATIONS AS TO THE ACCURACY THEREOF. THE ATTORNEYS, ADVISORS AND OTHER PROFESSIONALS EMPLOYED BY THE DEBTORS SHALL HAVE NO LIABILITY FOR THE INFORMATION IN THIS DISCLOSURE STATEMENT.

THE BANKRUPTCY COURT WILL SET A DEADLINE TO OBJECT TO CLAIMS AS PART OF THE CONFIRMATION PROCESS. PRIOR TO THE EFFECTIVE DATE, THE DEBTORS INTEND TO UNDERTAKE A GENERAL CLAIMS OBJECTION PROCESS WITH RESPECT TO GENERAL UNSECURED CLAIMS, AND THE DEBTORS RESERVE THE RIGHT TO OBJECT TO ANY CLAIM PRIOR TO THE EFFECTIVE DATE. ON AND AFTER THE EFFECTIVE DATE OF THE PLAN, THE INVESTMENT TRUST AND THE INVESTMENT TRUSTEE WILL BE VESTED WITH FULL AUTHORITY TO UNDERTAKE THE CLAIMS OBJECTION PROCESS WITH RESPECT TO ALL CLAIMS THAT HAVE NOT BEEN PREVIOUSLY RESOLVED BY COURT ORDER OR OTHERWISE (INCLUDING, BUT NOT LIMITED TO, GENERAL UNSECURED CLAIMS). THE ACTUAL AMOUNTS OF THE DISTRIBUTIONS UNDER THE PLAN AND/OR THE INVESTMENT TRUST TO THE HOLDERS OF ALLOWED GENERAL UNSECURED CLAIMS WILL BE DETERMINED AFTER COMPLETION OF THE CLAIMS OBJECTION PROCESS.

ALL OF THE PROJECTED RECOVERIES TO CREDITORS ARE BASED UPON THE ANALYSES PERFORMED BY THE DEBTORS AND THEIR PROFESSIONALS. ALTHOUGH THE DEBTORS HAVE MADE EVERY EFFORT TO VERIFY THE ACCURACY OF THE INFORMATION PRESENTED HEREIN AND IN THE EXHIBITS ATTACHED HERETO, THE DEBTORS CANNOT MAKE ANY REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY OF THE INFORMATION.

THE PLAN PROPONENTS BELIEVE THAT THE PLAN PROVIDES THE BEST POSSIBLE RESULT FOR ALL HOLDERS OF CLAIMS. THE PLAN PROPONENTS ALSO BELIEVE THAT THE PLAN WILL ENABLE THE DEBTORS TO ACCOMPLISH THE OBJECTIVES OF REORGANIZATION UNDER CHAPTER 11 AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS AND THEIR CREDITORS. THUS, IT IS THE OPINION OF THE PLAN PROPONENTS THAT THE TREATMENT OF CREDITORS UNDER THE PLAN CONTEMPLATES A GREATER RECOVERY THAN THAT WHICH IS LIKELY TO BE ACHIEVED THROUGH LIQUIDATION OF THE DEBTORS.

IF YOU ARE ENTITLED TO VOTE TO APPROVE THE PLAN, YOU ARE RECEIVING A BALLOT WITH YOUR NOTICE OF THIS DISCLOSURE STATEMENT. THE PLAN PROPONENTS STRONGLY URGE CREDITORS TO

VOTE TO ACCEPT THE PLAN.

IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY HOLDERS OF CLAIMS OR EQUITY INTERESTS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE PLAN PROPONENTS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THIS DISCLOSURE STATEMENT WAS NOT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE AUTHORITY AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN. NEITHER THIS DISCLOSURE STATEMENT NOR THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY STATE OR JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED.

THIS DISCLOSURE STATEMENT MAY CONTAIN “FORWARD LOOKING STATEMENTS” WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH STATEMENTS CONSIST OF ANY STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN BE IDENTIFIED BY THE USE OF FORWARD LOOKING TERMINOLOGY SUCH AS “MAY,” “EXPECT,” “ANTICIPATE,” “ESTIMATE” OR “CONTINUE” OR THE NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. THE READER IS CAUTIONED THAT ALL FORWARD LOOKING STATEMENTS ARE NECESSARILY SPECULATIVE AND THERE ARE CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE REFERRED TO IN SUCH FORWARD LOOKING STATEMENTS.

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I. INTRODUCTION

FOR EASE OF REVIEW, PLEASE REFER TO ARTICLE I OF THE PLAN TO UNDERSTAND THE DEFINED TERMS USED IN THIS DISCLOSURE STATEMENT. UNLESS OTHERWISE DEFINED IN THIS DISCLOSURE STATEMENT, CAPITALIZED TERMS HAVE THE MEANINGS ASCRIBED TO THEM IN THE PLAN, WHICH IS ATTACHED TO THIS DISCLOSURE STATEMENT AS **EXHIBIT 1**.

Prior to the Petition Date, the Debtors were engaged in the business of buying life insurance policies from insureds, and then selling fractional interests in those policies to others—*i.e.*, the life settlement industry. On the Petition Date, each of the Debtors filed a petition for relief under Chapter 11 of the Bankruptcy Code, thereby initiating these Chapter 11 Cases. The Office of the U.S. Trustee formed two Committees in the Chapter 11 Cases to ensure that creditors will be able to oversee and be heard in these Chapter 11 Cases.

The Plan Proponents submit this disclosure statement (the “Disclosure Statement”) pursuant to sections 1125 and 1126(b) of the Bankruptcy Code, in connection with (i) the solicitation of votes on the *Plan Proponents’ Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* (as amended from time to time, and including all Plan Documents and other attachments hereto, as any of the same may be amended from time to time, all of which are incorporated herein by reference and are a part of, the “Plan”), dated __, 2017; and (ii) the hearing to consider confirmation of the Plan (as defined, the “Confirmation Hearing”) scheduled for [_____, 2017] at ____ a.m. (prevailing Eastern Time).

The purpose of this Disclosure Statement is to provide creditors and interested parties information (1) regarding the history of the Debtors, their businesses and the Chapter 11 Cases; (2) concerning the Plan and alternatives to the Plan; (3) advising the Holders of Claims of their rights under the Plan; (4) assisting the Holders of Claims in making an informed judgment regarding whether they should vote to accept or reject the Plan; and (5) assisting the Bankruptcy Court in determining whether the Plan complies with the provisions of chapter 11 of the Bankruptcy Code.

Attached to this Disclosure Statement are copies of the following documents:

- (a) The Plan (Exhibit 1);
- (b) The Bankruptcy Court’s Order (I) Conditionally Approving the Disclosure Statement; (II) Approving the Committees’ Solicitation Letters in Support of the Plan; (III) Approving Forms of Ballots; (IV) Scheduling a Consolidated Hearing on the Final Approval of the Disclosure Statement and Confirmation of the Plan; (V) Establishing and Consolidating the Deadlines to File Objections to the Disclosure Statement and Objections to Confirmation of the Plan; (VI) Approving the Solicitation and Notice Materials; (VI) Establishing Solicitation and Voting Procedures; and (VIII) Establishing Procedures for Allowing and Estimating Claims for Voting Purposes [ECF No. __] (the “Disclosure Statement Approval and Solicitation Order”), approving, among other things, this Disclosure Statement and establishing certain procedures with respect to the solicitation and tabulation of votes to accept or reject

the Plan (Exhibit 2);

(c) Debtors' Financial Projections (Exhibit 3); and

(d) Debtors' Liquidation Analysis (Exhibit 4)

ALL EXHIBITS TO THE DISCLOSURE STATEMENT ARE INCORPORATED INTO DISCLOSURE STATEMENT AS IF SET FORTH IN FULL HEREIN.

Holders entitled to vote to accept or reject the Plan will receive a Ballot together with this Disclosure Statement to enable them to vote on the Plan.

This Disclosure Statement and the other documents described herein are being provided to Creditors in the Debtors' Chapter 11 Cases pending before Bankruptcy Court. The Disclosure Statement is intended to provide adequate information of a kind, and in sufficient detail, to enable the Creditors to make an informed judgment about the Plan, including whether to accept or reject the Plan. The Disclosure Statement sets forth certain information regarding: (i) the Debtors' prepetition operating and financial history; (ii) the Debtors' need to file for relief under chapter 11 of the Bankruptcy Code; (iii) significant events that have occurred during the Debtors' Chapter 11 Cases; (iv) the terms of the Plan; (v) the manner in which distributions will be made under the Plan; (vi) certain effects of confirmation of the Plan; (vii) certain risk factors associated with the Plan; and (viii) the confirmation process and the voting procedures that Holders of Claims entitled to vote under the Plan must follow for their votes to be counted.

On [_____, 2017], after notice and a hearing, the Bankruptcy Court signed the Disclosure Statement Approval and Solicitation Order, approving this Disclosure Statement as containing adequate information of a kind and in sufficient detail to enable a hypothetical creditor in the relevant classes to make an informed judgment whether to accept or reject the Plan. **THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION WITH RESPECT TO THE MERITS OF THE PLAN. ALL CREDITORS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS EXHIBITS CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE TO ACCEPT OR REJECT THE PLAN.**

The summary of the Plan provided herein is qualified in its entirety by reference to the Plan. To the extent that the information provided in this Disclosure Statement and the Plan (including any Plan Supplements) conflict, the terms of the Plan (including any Plan Supplements) will control. Terms not otherwise specifically defined herein will have the meanings attributed to them in the Plan. Each definition in this Disclosure Statement and in the Plan includes both the singular and plural. Headings are for convenience or reference and shall not affect the meaning or interpretation of this Disclosure Statement.

II. OVERVIEW OF CHAPTER 11 OF THE BANKRUPTCY CODE

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to reorganize its business for the benefit of itself, its creditors and its equity interest Holders. In addition to permitting the rehabilitation of a debtor, another goal of Chapter 11 is to promote equality of treatment for similarly

situated creditors and similarly situated equity interest Holders with respect to the distribution of a debtor's assets. The commencement of a Chapter 11 reorganization case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the Commencement Date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession". When appointed, committees, the Committees here, oversee the bankruptcy process to preserve the rights of all unsecured creditors and investors.

The consummation of a plan of reorganization is the principal objective of a Chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against, and interests in, a debtor. Confirmation of a plan of reorganization by the bankruptcy court binds the debtor, any issuer of securities under the plan, any person acquiring property under the plan and any creditor or equity interest holder of a debtor. Subject to certain limited exceptions, the order approving confirmation of a plan discharges a debtor from any debt that arose prior to the date of confirmation of the plan and substitutes the obligations specified under the confirmed plan.

Certain Holders of claims against a debtor are permitted to vote to accept or reject a plan of reorganization. Prior to soliciting acceptances of a proposed plan, however, section 1125 of the Bankruptcy Code requires a debtor to prepare, and obtain bankruptcy court approval of, a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable hypothetical investors of the relevant classes to make an informed judgment regarding the plan. The Debtors are submitting this Disclosure Statement to Holders of Claims against the Debtors to satisfy the requirements of section 1125 of the Bankruptcy Code.

III. THE DEBTORS AND OVERVIEW OF THE DEBTORS' OPERATIONS

A. DESCRIPTION OF THE DEBTORS' BUSINESSES

Founded in 2001, Mosaic Management is a Nevada for-profit corporation conducting business in Palm Beach County, Florida. Prior to the Petition Date, Mosaic Management was a financial services organization that provided management oversight and administration services for portfolios of life insurance policies. Further, Mosaic Management provided services to clients in the secondary market of U.S. life insurance policies.

Mosaic Alternative was established in the British Virgin Islands in 2003 under the name of Mosaic Caribe Ltd., with the model of promoting international sales of life settlement products to prospective investors. Effective January 1, 2007, Mosaic Caribe changed its name to Mosaic Alternative Assets Ltd. Prior to the Petition Date, Mosaic Alternative was a distributor of fractional shares of life settlements outside the United States, with sales in at least 36 countries. Mosaic Alternative sought to provide policy-related investment vehicles and portfolio diversification by selling and servicing long-term investment products.

Paladin Settlements is a Texas corporation and focuses on the distribution of life settlements across the United States, with an initial focus on Texas. Paladin worked with leading providers in life insurance, policy acquisition, life expectancy underwriting, and escrow services.

Prior to the filing of these Chapter 11 cases, Debtors were engaged in the business of buying existing life insurance policies, and then selling fractional interests in those policies to others. In the typical life settlement transaction, Debtors purchased policies from the insureds for a cash settlement for an amount in excess of the contract's cash surrender value but less than its death benefit. To fund these purchases and their business operations, Debtors sold fractionalized interests in the policies' future benefits to "investors" or "purchasers"—*i.e.*, Investors, Landau Investors, and Lapolla Investors. When selecting policies for purchase, Debtors identified insureds who were interested in selling their life insurance policy, evaluated their medical condition, obtained medical and life expectancy data from independent and reputable underwriters, and evaluated the underlying policies' terms and conditions to ensure that they were assignable.

When Debtors purchased a Policy from an insured, Debtors retained legal ownership of the policy but sold fractionalized shares in the death benefit of the policy to investors, like the Investors, Landau Investors, and the Lapolla Investors. To cover future premiums, Debtors placed what they projected to be a sufficient amount of funds in escrow and then paid annual premiums from that escrow account. If the insured survived longer than projected, and the escrow amount was depleted, Debtors should have required the investors to provide additional premium funds. In turn, Debtors were—and continue to be—responsible for monitoring the insureds: once an insured died, Debtors would obtain the death certificate, submit a claim to the life insurance company, and facilitate the payment of the benefits to investors.

B. EVENTS LEADING UP TO THE CHAPTER 11 FILINGS

As more fully explained in Article III.C. below, the Debtors experienced a change in ownership and in management *after* the filing of the Chapter 11 Cases. As a result of this shift, current management of the Debtors are not able to provide a detailed exposition of the events that led to the filing of the Chapter 11 Cases; the Debtors continue to engage in discovery of former management, former owners, and affiliates of the Debtors.

Regardless, the Debtors' operational success was closely linked to, *inter alia*, the collection of outstanding premium obligations due and owing from its investors and the prompt payment of premium obligations to insurers on account of each of the Policies. Under the Debtors' business model, investors are responsible for meeting "premium calls"—a contractual right of the Debtors to seek contribution of additional funds from investors in the event the amount retained for payment of premiums is exhausted. A review of the books and records of the Debtors has revealed that the Debtors, for whatever reason, failed to collect premiums from investors that were necessary to fund premium obligations owing to insurers on account of the Policies. The Debtors were unable to sustain regular payments to insurers on account of the Policies.

In light of these failures of former management of the Debtors, the Debtors were confronted with a number of financial challenges that placed a significant strain on their liquidity in the years and months leading to the Chapter 11 Cases. These challenges include the apparent mismanagement of the Debtors by the Debtors' former officers and directors, the failure to collect premium obligations owing from investors pursuant to investment contracts, and compounding premium obligations owing by the Debtors to insurers on account of the Policies.

C. DEBTORS' FORMER MANAGEMENT AND THE COMMENCEMENT OF THE CHAPTER 11 CASES

Prior to the Petition Date, Janice Winters was the one-hundred percent (100%) owner of the equity interests in each of the Debtors. With the retirement of Janice Winters (“Winters”) as the Debtors’ chief executive officer in 2013, the Debtors selected Charles T. Ryals (“Ryals”) to fill Winters’ position. Ryals served as president of Mosaic Management, Mosaic Alternative, and Paladin Settlements from 2013 through and including the Petition Date. In addition to his position as chief executive officer of the Debtors through and including the Petition Date, Ryals also served as director of each of the Debtors.

The following individuals served as officers and/or directors of each of the Debtors on Petition Date (collectively, the Former Management):

- (a) Mosaic Management: Brent Krippen (treasurer and director); James Dick (director); Jon Lippard (secretary); Charles T. Ryals (president and director); Janice Winters (director);
- (b) Paladin Settlements: Janice Winters (Director); Charles T. Ryals (President and Chief Executive Officer).
- (c) Mosaic Alternative: Janice Winters (Chairperson of the Board of Directors); Charles T. Ryals (Chief Executive Officer and President); Brent Crippen (Chief Financial Officer and Treasurer); John Lippard (Chief Legal Counsel and Secretary).

On the Petition Date, the Debtors each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code and thereby initiated the Chapter 11 Cases. Since the Petition Date, the Debtors have operated as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. The Chapter 11 Cases are being jointly administered, for procedural purposes only, under the case *In re Mosaic Management, Inc.*, Case No. 16-20833.

The Chapter 11 Cases were each commenced and initiated by the Debtors’ former chief executive officer, Ryals. The Debtors, through Ryals, hired the law firm of Berger Singerman LLP (the “Former Bankruptcy Counsel”) as their general legal counsel in the Chapter 11 Cases.

D. THE PROPOSED SALE OF THE POLICIES BY FORMER MANAGEMENT

Immediately after Ryals elected to have the Debtors file chapter 11 bankruptcy, it became clear that Ryals, Former Management, and the Former Bankruptcy Counsel intended to liquidate the Policies and Portfolio to a third party purchaser.

Debtors, through their Former Bankruptcy Counsel and former CEO, filed an *Emergency Motion for Entry of an Order: (I) Authorizing Sale of Assets Free and Clear of Interests; (II) Approving Bidding Procedures; (III) Scheduling Hearing to Consider Approval of Proposed Sale and (IV) Approving Form and Manner of Notice Thereof* (“Sale Motion”) [ECF No. 11]. In filing the Sale Motion, the Debtors sought authority from the Bankruptcy Court to implement a sale process through which the Debtors could sell the Policies free and clear of *all* interests in the

Policies (the “Proposed Sale”), including the interests of the Investors, Lapolla Investors, and Holders of General Unsecured Claims. The result of the Proposed Sale, as envisaged by Former Management and Former Bankruptcy Counsel, would be a sale of each Policy at an auction price; the Investors, the Lapolla Investors, and all other Creditors of the Debtors would be left with an interest, if any, in *only* the proceeds of the sale of the Policies.

The Debtors, through the former chief executive, Ryals, and Former Bankruptcy Counsel, sought to sell the Policies free and clear of any and all interests therein, including the interests of the hundreds, if not thousands, of investors who had purchased from Debtors fractionalized interests in the death benefits of those Policies. On August 19, 2016, the Court entered an order (the “Sale Order”) approving the Sale Motion. [ECF No. 65].

The Sale Motion and attendant Sale Order immediately inspired a flurry of activity from creditors, investors, and other parties-in-interest who questioned (and challenged) the Debtors’ ability to sell life insurance policies in which investors owned a beneficial interest. For example, the Sale Motion and Sale Order generated the following activity in these Bankruptcy Cases:

- (a) *An Opposition to Debtor’s Motion to Sell Life Policies Free and Clear of All Interests* [ECF No. 74] filed by Creditor Angel Diaz Gonzalez wherein the creditor argued that Debtors held “naked legal title” to the Policies and could not sell the beneficial interest in the Policies free and clear of the beneficial interests of the investors;
- (b) *A Motion to Prohibit Use of Cash Collateral; To Compel Debtor to Segregate, Account For, and Abandon Death Benefits Received on Sylvia Landau Policy; To Turn Over Funds to Holders of Irrevocable Interests in Death Benefit; or, in the Alternative, For Adequate Protection* [ECF No. 75] filed by Ada De La Vega Haddock, Carlos A. Ocasio Garcia, Cristine Jimenez Davila, Dr. Jose Santiago, Jaime Rivera Dueño, Carmen Rodriguez, Javier Denis Quiñones, Maribel Casanovas, Najib Chabebe Ramirez, Ryan Santos Figueroa, and Universal Group, Inc.;
- (c) *A Motion to Prohibit Use of Cash Collateral; To Compel Debtor to Segregate, Account For, and Abandon Funds Held in Trust; To Turn Over Funds to Creditor; or, in the Alternative, for Adequate Protection* [ECF No. 76] filed by Jose E. Arias;
- (d) *A Motion to Prohibit Use of Cash Collateral; or, in the Alternative, for Adequate Protection* [ECF No. 77] filed by purported creditors Alex D Hernandez Soto, Alexis Garcia Carrucini, Bolivar Burgos Vargas, Carmen Victoria La Luz, Comprehensive Ophthalmology, Edgard Rivera Ocasio, Eduardo Canto Repetti, Edwin Torres Del Toro, Elizabeth Morales, Erick Torres, Francisco Lafontaine, Ivan Lafontaine, Freddie Rodriguez Rivera, Hector E Borrero Quintana, Instituto de Hematologia Roman, Instituto de Hematologia Velez, Irma Lopez Serrano, Ivette Liz Reyes Solis, Jose M Morillo, Flor Miranda, Luis M. Pacheco, Marisel Casasnovas, Maritza Sanchez Castro, Mayra Grillasca Reyes, Mildred Centeno Santiago, Mirla Dimarco, Daniel Lopez, Nannette Berrios, Nayda Vega Perez, Osvaldo Diaz Morales, Pedro J Encarnacion, PJCH Profit Sharing Retirement Plan, Robert Bengoa Lopez, Roberto Sanchez Cordova, Rosa Troche Andreu, Velez Casasnovas Retirement Plan, Victor M Aponte Perez, and Vivianne Diaz;

(e) *A Motion to Prohibit Use of Cash Collateral; or, in the Alternative, For Adequate Protection* [ECF No. 78] filed by Creditor Angelo Diaz Gonzalez;

(f) *A Request for Judicial Assistance* [ECF. No. 101] filed by GPC SIPP Ltd.

Underlying each of the foregoing motions and/or objections was the concern of Investors, Landau Investors, and Lapolla Investors, and other interested parties, that the Debtors would sell the investors' beneficial interests in the Policies free and clear of their interests.

E. THE DEBTORS' CHANGE IN OWNERSHIP, MANAGEMENT, AND BANKRUPTCY COUNSEL

Contemporaneously with the Proposed Sale of the Policies initiated by Former Management and Former Bankruptcy Counsel, Andrew Murphy began receiving numerous communications from Investors, Landau Investors, and Lapolla Investors. Those messages reflected the concern of the Investors, Landau Investors, and Lapolla Investors about the potential destruction in value of their investments with the Debtors.

At that time, Andrew Murphy served as chief executive office of a California life settlement investment firm that has established itself as a leader in the life settlement industry offering qualified individual investors in California the opportunity to invest in alternative investment opportunities. Prior to joining the California firm, Mr. Murphy served as chief operating officer and executive vice president of Debtor Mosaic Management and Debtor Mosaic Alternative for several years and was instrumental in the success of the Debtors during his tenure. As a former executive of the Mosaic debtors, and having a working relationship with the investors, Mr. Murphy understood concerns the investment investors stood to lose as a result of the sale pushed by Ryals, Former Management, and Former Bankruptcy Counsel.

Thereafter, Mr. Murphy contacted Winters to relay the fears expressed to him by the Debtors' investors and clients. After several thoughtful communications with Mr. Murphy, Ms. Winters determined that the Debtors, the Debtors' investors and creditors, and the Debtors' estates would be best served if Mr. Murphy assumed leadership of the Debtors. Therefore, on August 30, 2016, Ms. Winters and Mr. Murphy entered into a series of equity and/or stock purchase agreements whereby Ms. Winters, as 100% owner of the equity interests in each of the Debtors sold all of her interest in the Debtors to Mr. Murphy.

After the effectuation of the transfer of ownership of the Debtors, the Debtors immediately terminated Ryals as the chief executive of the Debtors and named Mr. Murphy as the chief executive officer of each of the Debtors. The Debtors then terminated Former Bankruptcy Counsel and sought to retain Tripp Scott, P.A. as general bankruptcy counsel.

F. RETENTION OF PROFESSIONALS AND APPOINTMENT OF THE UNSECURED COMMITTEE

After the transition of ownership described above, the Debtors retained professionals pursuant to Bankruptcy Court order. Specifically, pursuant to an order of the Bankruptcy Court entered on September 15, 2016, the Bankruptcy Court authorized the Debtors' retention of Tripp Scott, P.A. as the Debtors' new general bankruptcy counsel. Further, pursuant to an order of the

Bankruptcy Court entered on September 13, 2016, the Bankruptcy Court authorized the Debtors' retention of GlassRatner Advisory & Capital Group, LLC ("GlassRatner") as financial advisor and account to the Debtors.

Additionally, section 1102 of the Bankruptcy Code provides that as soon as practical after the filing of a voluntary chapter 11 bankruptcy petition, the U.S. Trustee shall appoint a committee of creditors holding unsecured claims. Accordingly, on August 23, 2016, the U.S. Trustee appointed the Official Committee of Unsecured Creditors (the "Creditor Committee"). Pursuant to Bankruptcy Court orders, the Bankruptcy Court approved the retention of the law firm of Furr & Cohen, P.A. as counsel for the Creditor Committee and the law firm of Genovese, Joblove & Battista, PA as special litigation counsel to the Creditor Committee. In addition, on December 14, 2016, the U.S. Trustee appointed the Official Committee of Investor Creditors (the "Investor Committee") and the Bankruptcy Court approved the retention of the law firm of Bast Amron LLP as counsel for the Investor Committee.

G. THE DEBTORS SEEK AND OBTAIN AN ALTERNATIVE TO THE PROPOSED SALE OF POLICIES

Immediately after the foregoing transition of management, ownership, and bankruptcy counsel, Debtors—to ensure the most optimal available use and maximization of the estates' assets for the benefit of all stakeholders—began to consider alternative courses of action with respect to the Proposed Sale of the Policies. The Debtors' pursuit of an alternative to the sale of the Policies included, without limitation, (1) contacting and negotiating with potential lenders from across the globe, (2) obtaining multiple letters of intent for debtor-in-possession financing, (3) hiring employees in the ordinary course to protect the continuing viability of the Policies, (4) overhauling the Debtors' Portfolio to holistically understand short-term and long-term premium obligations under the Policies, (5) engaging insurance carriers to ensure the distribution of matured policies, and—most importantly—(6) arriving at an agreement with an interested, qualified, and well-respected lender on terms favorable to the Debtors under the circumstances.

Despite the Debtors' immediate efforts to seek an alternative to the Proposed Sale, the timing of the Proposed Sale—which was set into motion by prior management—inserted an incredible degree of pressure upon the Debtors to obtain an alternative within a narrow window of time. Therefore, running parallel to, and undisturbed by, the Debtors' consideration of alternatives to the Proposed Sale, the Debtors continued with the sale set forth in the Sale Motion. On September 14, 2016, Debtors conducted an "open cry" auction for the Policies in accordance with defined procedures that were approved by the Bankruptcy Court. The auction resulted in a final bid for the purchase of the entire Portfolio for \$18.5 million. Therefore, *if approved by the Bankruptcy Court*, all valid Creditors in the Chapter 11 Cases based on their investments would only be entitled to share in the \$18.5 million in proceeds, in accordance with the priority of their respective interests.

Rather than move forward with the sale of the Policies to a third party purchaser for \$18.5 million, the Debtors instead presented the Bankruptcy Court and interested parties with a viable alternative to the sale of the Policies: debtor-in-possession financing on the favorable terms set forth in the *Debtors' Emergency Motion for Entry of an Order Authorizing the Debtors to Obtain Post-Petition Financing* [ECF No. 193] (the "First DIP Financing Motion"). On

September 23, 2016, the Bankruptcy Court entered its Order Authorizing Debtors to Obtain Post-Petition Financing [ECF No. 245] (“First Financing Order”). Through the First Financing Order, the Debtors were authorized to obtain up to \$350,000.00 from lender RJD Insurance Marketing, LLC in principal amount of postpetition financing (plus any interest capitalized and added to such principal amount). In light of the First Financing Order and the availability of needed liquidity to stabilize the Portfolio and make immediate premium payments pertaining to the Policies, the Debtors collectively withdrew the Sale Motion, cancelled the Proposed Sale, and withdrew consideration of the Proposed Sale by the Bankruptcy Court. The Proposed Sale was never consummated.

The Debtors believed that the First DIP Financing Motion represented a superior alternative to the auction sale of the Policies. Specifically, the Debtors’ and the Debtors’ retained forensic accountants and financial advisors, GlassRatner, determined that the sale of the Policies would result in an immediate loss of approximately 65% to 70% of the funds invested by Investors and Lapolla Investors for the purchase of fractional interests in the Policies. This would be a disastrous and inequitable result for the Investors and Lapolla Investors.

The First DIP Financing Motion was indicative of the Debtors’ prospective strategy regarding the preservation and maintenance of the Policies as continuing assets of the Debtors’ Estates and for the benefit of the Debtors’ Investors, Lapolla Investors, and other Creditors. Rather than sell the Policies at auction for a steep discount and to the devastating detriment to Investors, Lapolla Investors, and other Creditors, the Debtors instead chose to obtain short-term financing in order to prevent the immediate lapse of several of the Policies that had fallen into “grace.”

H. LONG TERM FINANCING NECESSARY FOR THE PRESERVATION OF POLICIES

Despite the influx of short-term financing through the First DIP Financing Motion, as authorized by the First Financing Order, the Debtors had limited liquid assets to support the payment of the ongoing premium obligations relating to the Policies within the Portfolio. Without an infusion of cash, the Debtors would not have been able to pay premiums relating to policies within the Portfolio through December 15, 2016, and would have thereafter been unable to continue making premium payments and funding the costs of servicing the Policy Portfolio. Accordingly, the Debtors made the search for long-term financing among their highest priorities. Under the Debtors’ business model, investors are contractually responsible for meeting premium calls. When premium calls are not met, Debtors had to find the necessary liquidity to fund the shortfall, or the underlying policy may lapse (with all associated value lost).

Even after the financing obtained through the First DIP Financing Motion, the Debtors had limited Cash on hand to pay the premiums due on Policies that had neither cash surrender value, nor sufficient Premium Reserves to pay the premiums. By November 2016, the Debtors had no premium contributions from investors to fund ongoing premium obligations.

If premiums were not paid by the Debtors, the Policies would have lapsed and been cancelled. After receiving and utilizing the first influx of short-term cash necessary to fund immediate premium obligations to insurers, the Debtors nonetheless faced a substantial, long-

term liquidity crisis which, if left unresolved and in the absence of additional financing, which, would have caused several, if not all, of the Policies to have lapsed.

In light of the pressing need for *long-term* liquidity to fund ongoing premium obligations due and owing under the Policies, the Debtors negotiated the DIP Credit Agreement and DIP Facility with DIP Lender, ASM Mosaic LLC. Pursuant to the DIP Facility, the Debtors would have access to, and use of, a credit facility consisting of a term loan in the aggregate principal amount of five million dollars (\$5,000,000.00). On December 2, 2016, the Debtors filed their *Emergency Motion (I) For Authorization to Obtain Postpetition Secured Financing Pursuant to 11 U.S.C. §§ 105, 362, and 364, and (II) Schedule a Final Hearing Under Bankruptcy Rule 4001 Filed by Debtor Mosaic Management Group, Inc.* [ECF No. 373] (the “Second DIP Financing Motion”).

Pursuant to the Second DIP Financing Motion, the Debtors requested (a) the immediate use on an interim basis of \$2,000,000.00 of the DIP Facility necessary to avoid immediate and irreparable harm to the Estates; (b) a final order approving the Debtors’ use of up to \$5,000,000.00 of funds to, *inter alia*, pay premiums on the Policies, pay or reimburse operating expenses, pay reasonable and necessary administrative expenses incurred in the Chapter 11 Cases, and pay ongoing payroll obligations of the Debtors.

On December 13, 2016, the Bankruptcy Court entered an order granting the Debtors’ Second DIP Financing Motion on an interim basis, authorizing the Debtors to utilize up to \$2,000,000 of the DIP Facility. On January 27, 2017, the Bankruptcy Court entered a final order granting the Second DIP Financing Motion on a final basis, authorizing the Debtors to utilize up to \$5,000,000 of the DIP Facility.

The Bankruptcy Court’s approval of the Second DIP Financing Motion and the DIP Facility with DIP Lender, ASM Mosaic LLC, were instrumental in facilitating the development and filing of the Plan. Indeed, with the influx of new liquidity from the DIP Facility, the Debtors will now have the funds sufficient to pay ongoing premium obligations through and including approximately August, 2017.

I. THE OWNERSHIP ISSUE

One of the principal issues in controversy in these Chapter 11 Cases has been who the “beneficial” or “equitable” owners of the Policies are—the Debtors or some or all of the Investors (the “Ownership Issue”). The Ownership Issue has been raised by several parties, including the Debtors and the following Investors: A New Vision in Education Services, Alexis Garcia Carrucini, Bienvenida Gonzalez Ruiz, Bolivar Burgos Vargas, Camille Malaret, Carlos M. Malaret Soto, Comprehensive Ophthalmology, Dashira M. Rosario Mercado, Fernando Ortiz Maldonado, Edwin I. Rivera Malave, Jaime A. Vasquez Velazquez, Joel Rodriguez Fernandez, Jorge Ocasio Rivera, Jose M Alvarado Bermundez, Juan G Negron Pinero, Juan J. Rodriguez Del Rey, Manuel F. Belaval Trantum, Marisel Casanovas, Dra Mayra Gomez Abreu, Miguel Flecha de Jesus, Nannette Berrios, Noemi Lebron Diaz, Otoniel Vazquez Morales, PJCH Profit Sharing Retirement Plan, Pedro J. Colon Hernandez, Ricardo Bermudez Rodriguez, Robert Bengoa Lopez, Roberto Sanchez Cordova, Velez Casanovas Retirement Plan, Enrique Velez Rive, and Virginia M Vazquez Gonzalez, this issue has not yet been decided by the Bankruptcy

Court.

In the typical transaction, Policies were purchased by the Debtors, and the Debtors would then sell Fractional Positions to investors to raise money to pay for such Policies. Title to the Policies were recorded in the name of one of the Debtors, and either the Debtors or third party agents were designated by the Debtors as the beneficiaries of the Policies. No transfer of ownership to, and no lien in favor of, any investor was recorded with the insurance company that issued each individual Policy. The typical transaction did not include any unrecorded assignment, deed, or bill of sale. However, the position of certain Investors has been that investors were beneficiaries of a resulting trust over which the Debtors served as trustee and investors (not the Debtors) held beneficial interest to any Maturity Funds that resulted from the Matured Policies. As of the Petition Date and the filing of the Plan, extent of the Debtors' equitable ownership interest in the Policies is unresolved.

On October 30, 2016, certain Investors initiated an adversary proceeding against the Debtors seeking, *inter alia*, a determination of the Ownership issue. On December 12, 2016, the Debtors and these certain Investors filed an agreed motion to abate the adversary action and postpone the deadlines set forth in the Bankruptcy Court's *Order Setting Filing and Disclosure Requirements for Pretrial and Trial*. The purpose of the parties' agreed motion was to allow the Debtors, the certain Investors, the Committees, and other parties interested in these Chapter 11 Cases to negotiate the consensual Plan.

As more fully described in this Disclosure Statement and the Plan attached hereto, the Plan would resolve the Ownership Issue.

J. LITIGATION INITIATED BY THE DEBTORS

On September 12, 2016, each of the Debtors initiated an adversary proceeding against 1700 Associates Group, LLC ("1700 Associates") and Mosaic Settlement Group, Inc. ("Mosaic Settlement"). On November 15, 2016, the Debtors amended the adversary complaint and therein pursued claims against 1700 Associates and Mosaic Settlement for substantive consolidation, to avoid and recover certain fraudulent transfers, for declaratory and other equitable relief, and to enjoin a sale of real property located in Palm Beach County, Florida for which Debtors claim an equitable interest.

K. EXTENSIONS OF DEBTORS' EXCLUSIVITY PERIOD

On December 20, 2016, the Bankruptcy Court entered an order [ECF No. 407] granting the Debtors' first request, pursuant to section 1121(d) of the Bankruptcy Code, to extend the Debtors' exclusive period to file a plan of reorganization and solicit acceptances thereof to January 29, 2017 and March 1, 2017, respectively. On February 22, 2017, the Bankruptcy Court entered an order [ECF No. 462] granting the Debtors' second request, pursuant to section 1121(d) of the Bankruptcy Code, to extend the Debtors' exclusive period to file a plan of reorganization and solicit acceptances thereof to March 3, 2017 and April 3, 2017, respectively. On March 2, 2017, the Bankruptcy Court entered an order [ECF No. 471] granting the Debtors' third request, pursuant to section 1121(d) of the Bankruptcy Code, to extend the Debtors' exclusive period to file a plan of reorganization and solicit acceptances thereof to March 15,

2017 and April 17, 2017, respectively. On March 16, 2017, the Bankruptcy Court entered an order [ECF No. 474] granting the Debtors' fourth request, pursuant to section 1121(d) of the Bankruptcy Code, to extend the Debtors' exclusive period to file a plan of reorganization and solicit acceptances thereof to March 31, 2017 and May 1, 2017, respectively. The Debtors have filed the Plan within the exclusive time period to propose a plan of reorganization. On April 3, 2017, the Bankruptcy Court entered an order [ECF No. 480] granting the Debtors' fifth request, pursuant to section 1121(d) of the Bankruptcy Code, to extend the Debtors' exclusive period to file a plan of reorganization and solicit acceptances thereof to April 7, 2017 and May 8, 2017, respectively. On April 7, 2017, the Debtors filed a fifth and final request, pursuant to section 1121(d) of the Bankruptcy Code, to extend the Debtors' exclusive period to file a plan of reorganization and solicit acceptances thereof to April 12, 2017 and May 15, 2017, respectively.

L. THE DEBTORS' ASSETS

It is the Debtors' collective position that the Debtors' assets consist primarily of their interests in life insurance Policies which the Debtors have purchased as life settlements. These Policies have a face value of approximately \$64.65 million. However, as discussed above, certain Investors dispute this contention, and assert that the Investors are the beneficial owners of such Policies.

This Ownership Issue is being resolved pursuant to the Plan and the Investment Trust Agreement provided for thereunder. Each Investor, Lapolla Investor, and Holder of a General Unsecured Claim (i.e., the Unsecured Mosaic Investors) will have the right to make elections under the Plan with respect to each of their Allowed Claims, and all of the Debtors' rights in the Policies and other Policy Related Assets will be contributed to the Investment Trust. Further, pursuant to Article 5.4 of the Plan, Landau Investors with Allowed Claims in Class 4 of the Plan will receive a Distribution in the amount of their Allowed Claim, *minus* (i) a three percent (3%) Investment Trust Fee, (ii) a two percent (2%) service charge, and (iii) any unpaid Pre-Petition Default Amount owed by such Landau Investor.

Also included in the Debtors' assets are pre-petition receivables for premium advances—i.e., Pre-Petition Default Amounts—made by the Debtors to funds premiums payable by investors who defaulted on their premium payment obligations. The Debtors' ownership of these receivables is not in dispute, and under the Investment Contracts signed by investors, the Debtors have the right to force the abandonment of the Fractional Positions with respect to which the premium payment defaults relate. As set forth in Article 5 of the Plan, any Distribution to a Holder of an Allowed General Unsecured Claim and/or an Allowed Landau Investor Claim will all times be subject to the Debtors' or the Investment Trust's right to set off against such Distribution any Pre-Petition Default Amounts then owed by such Holder.

IV. SUMMARY OF THE PLAN

The Plan is the product of a consensual and cooperative negotiation process among the Debtors, representatives of Investors, Landau Investors and Lapolla Investors, the Committees, and other Creditors interested in these Chapter 11 Cases. At the heart of this negotiation process is the idea that the interests of the Investors and Lapolla Investors, as well as other Creditors, must be maximized.

The Debtors have engaged in numerous discussions and meetings with interested parties, including individual and representative groups of Investors and Lapolla Investors, and the Committees. The Debtors' process of negotiating the Plan has been consistent with their goal of achieving confirmation of the Plan on a consensual basis.

As a result of these meetings and negotiations, the Debtors, Committees, and other investor and creditor representatives agreed to the terms of the Plan. The Plan that Creditors are being asked to vote upon constitutes the culmination of these negotiations. The Plan efficiently and economically resolves many issues, including, but limited to:

- (a) The "beneficial" or "equitable" ownership of the Policies within the Portfolio by providing Holders of General Unsecured Claims several election options with respect to their allowed claims, including participating as beneficiaries in the Investment Trust;
- (b) The administration of the Policies on a going forward basis by creating the Investment Trust and providing for the appointment of an independent, qualified Investment Trustee to administer the Investment Trust for the benefit of Holders of General Unsecured Claims who make the Investment Trust Election; and
- (c) Funding the premium obligations and the ongoing administrative expenses relating to the Policies within the Portfolio by incorporating and obtaining the Exit Facility, which may be utilized, as necessary, by the Investment Trust and the Investment Trustee.

The Committees support the Plan as the best means to fairly and efficiently resolve the Debtors' Chapter 11 Cases. Based on the Debtors' views as to the value of their estates and their projected cash flows, the Debtors concluded that they will be unable to pay the total of the known unsecured Claims in these Bankruptcy Cases. However, given the fundamental importance of the Investors, the Lapolla Investors, and the Holders of General Unsecured Claims in Class 3 of the Plan, the Debtors believe that it is absolutely necessary to provide Investors, the Lapolla Investors, and the Holders of General Unsecured Claims with Allowed Claims (**who are collectively the Holders of "General Unsecured Claims"**) with three (3) options for treatment of their Allowed Claims.

Specifically, under the Plan, Holders of Allowed General Unsecured Claims in Class 3 can elect one of the following options: (i) the **Cash Out Election** and receive a lump sum payment on the Effective Date in respect of their Allowed Claim, (ii) the **Investment Trust Election** and receive Investment Trust Shares in respect of their Allowed Claim, or (iii) the **Hybrid Election** and receive the same treatment as the Cash Out Election for 50% of their Allowed Claim and the same treatment as the Investment Trust Election for the remaining fifty percent (50%) of their Allowed Claim. Finally, Holders of Allowed Landau Creditor Claims will receive from the Investment Trust a Distribution in the amount equal to such Holder's contractual right to a Fractional Interest of the Maturity Funds derived from the Landau Policy *minus* a three percent (3%) administration fee to the Investment Trust, *minus* a two percent (2%) service fee, and *minus* any unpaid Pre-Petition Default Amount owed by such Holder.

V. CLAIMS ENTITLED TO VOTE AND VOTING PROCEDURES

A. PARTIES ENTITLED TO VOTE ON THE PLAN

Under the provisions of the Bankruptcy Code, not all parties in interest are entitled to vote on a chapter 11 plan. Creditors or equity interest holders whose claims or interests are not impaired by a plan are deemed to accept the plan under section 1126(f) of the Bankruptcy Code and are not entitled to vote. Creditors or equity interest holders whose claims or interests are impaired by the Plan, but will receive no distribution under the Plan, are also not entitled to vote because they are deemed to have rejected the Plan under section 1126(g) of the Bankruptcy Code. For a detailed description of the treatment of Claims and Equity Interests under the Plan, see Section 5(D) of this Disclosure Statement (“Impairment and Treatment of Claims and Equity Interests”).

Under the Plan, Allowed Claims in Class 3 (“General Unsecured Claims”) and in Class 4 (“Landau Creditor Claims”) are impaired and, to the extent Claims in Class 3 and in Class 4 are Allowed, the Holders of such Claims may receive distributions provided for by the Plan and the Investment Trust Agreement, as applicable. Therefore, the Debtors are seeking votes from the Holders of Claims in Class 3 and Class 4 of the Plan.

The Debtors are not seeking votes from Holders of Claims and Equity Interests in Classes (and sub-Classes, where applicable) 1, 2, and 5 because those Claims are unimpaired under the Plan, and the Holders of Claims and Equity Interests in each of these Classes are conclusively presumed to have accepted the Plan and are not entitled to vote on the Plan.

CLASS 1 (PRIORITY CLAIMS), CLASS 2 (SECURED CLAIMS CONSISTING OF SUB-CLASSES 2A, 2B, AND 2C), AND CLASS 5 (EQUITY INTERESTS IN DEBTORS) OF THE PLAN ARE EACH DEEMED TO HAVE ACCEPTED THIS THE PLAN. THE DEBTORS WILL NOT SOLICIT VOTES FROM HOLDERS OF CLAIMS IN CLASSES 1, 2, AND 5.

CLASS 3 (GENERAL UNSECURED CLAIMS) AND CLASS 4 (“LANDAU CREDITOR CLAIMS”) ARE IMPAIRED. THE PLAN PROPONENTS WILL SOLICIT VOTES FROM HOLDERS OF CLAIMS IN CLASS 3 AND IN CLASS 4.

THE DEBTORS RECOMMEND THAT HOLDERS OF CLAIMS IN CLASS 3 AND CLASS 4 VOTE TO ACCEPT THE PLAN.

B. VOTING PROCEDURES, BALLOTS, AND VOTING DEADLINE

After carefully reviewing the Plan, Disclosure Statement, any exhibits thereto, and the detailed instructions accompanying your Ballot, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan. If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan. The record date for determining which Creditors may vote on the Plan is ___, 2017 (the “Voting Record Date”). Accordingly, only Holders of record as of the Voting Record Date that otherwise are entitled to vote under the Plan will receive a Ballot and may vote on the Plan. The voting deadline is ___, 2017 at 5:00p.m. (prevailing Eastern Time) (the “Voting Deadline”).

IN ORDER FOR A VOTE TO BE COUNTED, THE BALLOT MUST BE PROPERLY COMPLETED IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RETURNED TO THE CLERK OF THE COURT OF THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF FLORIDA (WEST PALM BEACH DIVISION) BY THE VOTING DEADLINE **AT THE ADDRESS PRINTED ON THE BALLOT.**

Any Claim in an impaired Class as to which an objection or request for estimation is pending, or filed by the Debtors prior to the deadline to submit votes indicating acceptance or rejection of the Plan, or which is listed on the Schedules as unliquidated, disputed or contingent, is not entitled to vote unless the holder of such Claim has obtained an order of the Bankruptcy Court temporarily allowing such Claim for the purpose of voting on the Plan.

If you are a Holder of Claim who is entitled to vote on the Plan and did not receive a Ballot, received a damaged Ballot, or lost your Ballot, please call the Debtors' general bankruptcy counsel at **(954) 760 – 4928** or **(954) 760 – 4937**. If you have any questions about the procedure for voting your Claim, the packet of materials that you have received, the amount of your Claim, or if you wish to obtain, at your own expense an additional copy of this Disclosure Statement and its appendices and exhibits, please contact Debtors' general bankruptcy counsel, Tripp Scott, P.A., at the above-stated telephone numbers.

C. CONFIRMATION HEARING AND DEADLINE FOR OBJECTIONS TO CONFIRMATION

Pursuant to section 1128 of the Bankruptcy Code and as set forth in the Disclosure Statement Approval and Solicitation Order, the Confirmation Hearing will be held on _____, **2017 at _____ m (prevailing Eastern Time)** before the Honorable Erik P. Kimball, United States Bankruptcy Judge, United States Bankruptcy Court, 1515 North Flagler Drive, 8th Floor, Courtroom B, West Palm Beach, FL 33401.

Pursuant to Local Rule 2002-1(c)(8) ("Notice of Chapter 11 Disclosure Statement and Confirmation Hearings and Continued Hearings"), the Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

All objections to final approval of the Disclosure Statement and Confirmation of the Plan shall: (a) be in writing; (b) comply with the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules of the Court; (c) set forth the name of the objector, and the nature of the amount of any claim or equity security interest asserted by the objector against the estates or property of the Debtors; (d) state with particularity the legal and factual basis for such objection; and (e) be filed with the Clerk of the United States Bankruptcy Court for the Southern District of Florida, in accordance with Bankruptcy Rule 3020(b)(1), together with proof of service thereof, and served by U.S. Mail, overnight delivery, or electronic mail so as to be received no later than **5:00 p.m. prevailing Eastern Time, fourteen (14) calendar days before the Confirmation Hearing** (the

“Objection Deadline”) by the following parties: (a) Kristopher E. Aungst, Esq. (kea@trippscott.com) and Angelo M. Castaldi, Esq. (axm@trippscott.com), Tripp Scott, P.A., 110 SE Sixth Street, Suite 1500, Fort Lauderdale, FL 33301; (b) Robert C. Furr (rfurr@furrcohen.com) Furr and Cohen, P.A., 2255 Glades Rd. Suite 337w, Boca Raton, FL 33431; (c) Jeffrey P. Bast (jbast@bastamron.com) Bast Amron LLP, One Southeast Third Avenue, Suite 1400, Miami, Florida 33131; and (d) Ariel Rodriguez (Ariel.Rodriguez@usdoj.gov) Office of the US Trustee, 51 SW 1 Ave #1204, Miami, FL 33130

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY FILED AND SERVED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

D. CONFIRMATION UNDER SECTION 1129(B)

If a Class of Claims entitled to vote on the Plan rejects the Plan, the Debtors reserve the right to amend the Plan or request confirmation of the Plan pursuant to § 1129(b) of the Bankruptcy Code or both. In addition, with respect to the Classes that are deemed to have rejected the Plan, the Debtors intend to request confirmation of the Plan pursuant to § 1129(b) of the Bankruptcy Code. Section 1129(b) permits the confirmation of a chapter 11 plan notwithstanding the rejection of such plan by one or more impaired classes of claims or interests. Under section 1129(b), a plan may be confirmed by a bankruptcy court if it does not “discriminately unfairly” and is “fair and reasonable” with respect to each rejecting class.

VI. THE CHAPTER 11 PLAN

A. INTRODUCTION

After stabilizing their businesses and the Policies, and addressing other immediate challenges of the Chapter 11 Cases, the Debtors and the Committees turned to the challenge of developing a consensual chapter 11 plan that would protect the Debtors’ creditors and would enhance the ability of the Debtors to potentially continue on as a reorganized, going-concern.

In general, a chapter 11 plan divides claims and equity interests into separate classes, specifies the property that each class is to receive under the plan, and contains other provisions necessary to implement the plan. Under the Bankruptcy Code, “claims” and “equity interests,” rather than “creditors” and “equity Holders,” are classified because creditors and equity Holders may hold claims and equity interests in more than one class.

The following provisions of this disclosure statement summarize key information contained in the plan that is important for the Debtors’ creditors to know before voting to accept or reject the plan. This summary refers to, and is qualified in its entirety by, reference to the Plan. The terms of the plan will govern if any inconsistency arises between this summary and the Plan. The Bankruptcy Court has not yet confirmed the plan described in this Disclosure Statement. In other words, the terms of the Plan do not yet bind any Person. If the bankruptcy court does confirm the Plan, then it will bind all claim and equity interest Holders.

<u>THE DEBTORS URGE YOU TO READ THE PLAN AND THIS DISCLOSURE</u>

STATEMENT IN ITS ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN

B. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

One of the key concepts under the Bankruptcy Code is that only claims and equity interests that are “allowed” may receive distributions under a chapter 11 plan. The term “allowed,” as defined in the Plan, is used throughout the Plan and in the description below.

In general, an “allowed” claim or an “allowed” equity interest simply means that the debtor agrees, or in the event of a dispute, that the Bankruptcy Court determines, that the claim or equity interest, and the amount thereof, is in fact a valid obligation of the debtor. Section 502(a) of the Bankruptcy Code provides that a timely filed claim or equity interest is automatically “allowed” unless the debtor or other party in interest objects.

However, § 502(b) of the Bankruptcy Code specifies certain claims that may not be allowed in the bankruptcy case even if a proof of claim is filed. These claims include claims that are unenforceable under the governing agreement between a debtor and the claimant or applicable non-bankruptcy law, claims for un-matured interest, property tax claims in excess of the debtor’s equity in the property, claims for services that exceed their reasonable value, real property lease and employment contract rejection damage claims in excess of specified amounts, late-filed claims, and contingent claims for contribution and reimbursement. In addition, Bankruptcy Rule 3003(c)(2) prohibits the allowance of any claim or equity interest that either is not listed on the debtor’s schedules or is listed as disputed, contingent or unliquidated, if the holder has not filed a proof of claim or equity interest before the established deadline.

The Bankruptcy Code requires, for purposes of treatment and voting, that a chapter 11 plan divide the different claims against, and equity interests in, the debtor into separate classes based upon their legal nature. Claims of a substantially similar legal nature are not necessarily classified together, nor are equity interests of a substantially similar legal nature necessarily classified together. Because an entity may hold multiple claims and/or equity interests which give rise to different legal rights, the “claims” and “equity interests” themselves, rather than their Holders, are classified.

Under a chapter 11 plan, the separate classes of claims and equity interests must be designated either as “impaired” (affected by the Plan) or “unimpaired” (unaffected by the Plan). If a class of claims is “impaired,” the Bankruptcy Code affords certain rights to the Holders of such claims, such as the right to vote on the Plan, and the right to receive, under the chapter 11 plan, no less value than the holder would receive if the debtor were liquidated in a case under chapter 7 of the Bankruptcy Code. Under section 1124 of the Bankruptcy Code, a class of claims or interests is “impaired” unless the Plan (i) does not alter the legal, equitable and contractual rights of the Holders, or (ii) irrespective of the Holders’ acceleration rights, cures all defaults (other than those arising from the debtor’s insolvency, the commencement of the case or nonperformance of a nonmonetary obligation), reinstates the maturity of the claims or interests in

the class, compensates the Holders for actual damages incurred as a result of their reasonable reliance upon any acceleration rights, and does not otherwise alter their legal, equitable, and contractual rights.

Pursuant to section 1126(f) of the Bankruptcy Code, Holders of unimpaired claims or interests are “conclusively presumed” to have accepted the Plan. Accordingly, their votes are not solicited. Under the Plan, the following classes are unimpaired, and therefore, the Holders of such Claims or Equity Interests are “conclusively presumed” to have voted to accept the Plan: Class 1 (Priority Claims), Class 2 (Secured Claims), and Class 5 (Equity Interests).

Class 3 (General Unsecured Claims) and Class 4 (Landau Investor Claims) are impaired under the Plan and, therefore, the Holders with respect thereto are entitled to vote to accept or reject the Plan.

C. PAYMENT OF ADMINISTRATIVE EXPENSE CLAIMS, PRIORITY TAX CLAIMS, DIP CLAIMS, AND STATUTORY FEES

1. *Administrative Expense Claims Generally*

Administrative Expense Claims are Claims for costs and expenses of administration of the Chapter 11 Cases that are Allowed under sections 328, 330, 363, 364(c)(1), 365, 503(b), and 507(a)(2) of the Bankruptcy Code.

Administrative Expense Claims include (but are not limited to) (a) any actual and necessary costs and expenses of preserving the Debtors Estates and operating the businesses of the Debtors (for example: wages, salaries, and commissions for services and payments for inventory, leased equipment and premises) and Claims of governmental units for taxes related to tax years commencing after the Petition Date; (b) all compensation for legal, financial, advisory, accounting, and other services and reimbursement of expenses Allowed by the Bankruptcy Court; (c) any indebtedness or obligations incurred or assumed by the Debtors during the Chapter 11 Cases; and (d) any payment to be made under the Plan or otherwise to cure a default on an assumed executory contract or unexpired lease.

The Bankruptcy Code does not require that Administrative Expense Claims be classified under a plan. The Bankruptcy Code does, however, require that allowed Administrative Expense claims be paid in full, in cash, in order for a plan to be confirmed, unless the holder of such claim agrees to a different treatment.

2. *Payment of Allowed Administrative Expense Claims in the Plan*

Pursuant to the Plan, each Holder an Allowed Administrative Expense Claim (including Professional Claims) shall, in full satisfaction, settlement, discharge and release thereof, and in exchange thereof, be paid the Allowed amount of its Administrative Expense Claim, in full, in Cash, on or before the fifth (5th) Business Day after the funding of the Exit Facility by the Exit Lender.

With the exception of Professionals seeking the allowance and payment of Professional Claims, all requests for payment of Administrative Expense Claims shall be filed by the Administrative Expense Claims Bar Date established by the Bankruptcy Court; if such requests for payment of Administrative Expense Claims are not so timely filed, the Claims will be Disallowed Claims and will be automatically deemed forever barred and the Holders of such Disallowed Claims shall be forever barred, estopped and enjoined from asserting such Claims in any manner against the Debtors, the Estates, the Reorganized Debtors, or the Investment Trust and without the need for any objection by the Debtors or the Investment Trust, as the case may be, and without any further notice or action, order or approval of the Bankruptcy Court.

3. *Professional Claims Bar Date*

All requests for final allowances of Professional Claims shall be filed by the date established by the Bankruptcy Court in the Disclosure Statement Approval and Solicitation Order.

4. *Payment of Priority Tax Claims*

Priority Tax Claims are Allowed Claims of a governmental unit of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code. The taxes entitled to priority are (a) taxes on income or gross receipts that meet the requirements of section 507(a)(8)(A), (b) property taxes meeting the requirements of section 507(a)(8)(B), (c) taxes that were required to be collected or withheld by the Debtors and for which the Debtors are liable in any capacity as described in section 507(a)(8)(C), (d) employment taxes on wages, salaries, or commissions that are entitled to priority pursuant to section 507(a)(4), to the extent such taxes also meet the requirements of section 507(a)(8)(D), (e) excise taxes of the kind specified in section 507(a)(8)(E), (f) customs duties arising out of the importation of merchandise that meet the requirements of section 507(a)(8)(F), and (g) prepetition penalties relating to any of the foregoing taxes to the extent such penalties are in compensation for actual pecuniary loss as provided in section 507(a)(8)(G).

The Bankruptcy Code does not require that priority tax claims be classified under a plan. It does, however, require that such claims receive the treatment described in section 1129(a)(9)(C) of the Bankruptcy Code.

Pursuant to the Plan, each Holder of an Allowed Priority Tax Claim shall, in full satisfaction, settlement, discharge and release thereof, and in exchange thereof, be paid the Allowed amount of its Priority Tax Claim, in full, in Cash, including statutory interest, on the later of: (i) the Effective Date (or as soon as practicable thereafter) or five (5) Business Days after the date of a Final Order allowing such Priority Tax Claim; or (ii) upon such other dates and terms as may be agreed upon by the Holder of any such Allowed Priority Tax Claim and the Investment Trust.

5. *U.S. Trustee; Claims for Statutory Fees; Quarterly Reports*

Within ten (10) days of the Confirmation Date, the Debtors shall pay the U.S. Trustee the

appropriate sums required pursuant to 28 U.S.C. § 1930(a)(6) for the relevant period and provide an appropriate affidavit indicating cash disbursements for the relevant period. Until the earlier of the closing of the applicable Chapter 11 Case by the issuance of a final decree by the Bankruptcy Court, or upon entry of an order of the Bankruptcy Court dismissing the applicable Chapter 11 Case, or converting the applicable Chapter 11 Case to another chapter under the Bankruptcy Code, and notwithstanding anything contained in the Plan to the contrary, the Investment Trust shall (i) pay the U.S. Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6) for post-confirmation periods for each Debtor's case within the time periods set forth in 28 U.S.C. § 1930(a)(6) and (ii) within 45 days of the end of each fiscal quarter, file with the Bankruptcy Court and submit to the U.S. Trustee quarterly reports and affidavits setting forth all receipts and disbursements of the Investment Trust as required by the U.S. Trustee guidelines. To date, the Debtors have paid all fees due and owing to the U.S. Trustee, and the Investment Trust anticipates paying all such fees through confirmation of the Plan and thereafter as provided herein.

6. DIP Claims

DIP Claims are all Claims held by the DIP Lender pursuant to the DIP Credit Agreement and the DIP Orders.

On the Effective Date, subject to the satisfaction or waiver of all conditions precedent to effectiveness of the Plan and in the Exit Facility Documents, the Allowed DIP Claims shall be assumed and restated by the Exit Facility.

Unless otherwise provided in the Exit Facility Documents, all Liens and security interests shall be secured by a first lien on the Investments Trust assets granted to secure the DIP Facility shall remain in full force and effect after the Effective Date.

D. CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS.

1. Generally.

All Claims and Equity Interests, except Administrative Expense Claims (including Professional Claims), Priority Tax Claims and Claims for Statutory Fees, are placed in Classes as summarized below in Article 4.3 ("Summary") and described in Article 5 of the Plan ("Impairment and Treatment of Claims and Equity Interests"). A Claim or Equity Interest is placed in a particular Class for all purposes, including voting, confirmation, and Distribution under the Plan and under §§ 1122 and 1123(a)(1) of the Bankruptcy Code; *provided*, that a Claim or Equity Interest is placed in a particular Class for the purpose of receiving Distributions pursuant to the Plan only to the extent that such Claim or Equity Interest is an Allowed Claim or an Allowed Equity Interest in that Class and such Allowed Claim or Allowed Equity Interest has not been satisfied, released, or otherwise settled prior to the Effective Date.

2. Summary

The categories of Claims and Equity Interests listed below, which exclude Administrative Expense Claims, DIP Claims, and Priority Tax Claims in accordance with section 1123(a)(1) of

the Bankruptcy Code, are classified for all purposes, including voting, confirmation, and distribution pursuant to the Plan. The following table therefore designates the Classes of Claims against and Equity Interests in the Debtors and specifies which of those Classes are (a) Impaired or Unimpaired by the Plan and (b) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code.

CLASS	DESIGNATION	STATUS	ENTITLED TO VOTE?
Class 1	Priority Claims	Unimpaired	No; Deemed to Accept Plan
Class 2	Secured Claims (consisting of sub-Classes 2A, 2B, and 2C)	Unimpaired	No; Deemed to Accept Plan
Class 3	General Unsecured Claims	Impaired	Yes; Entitled to Vote
Class 4	Landau Investor Claims	Impaired	Yes; Entitled to Vote
Class 5	Equity Interests in Debtors	Unimpaired	No; Deemed to Accept Plan

E. IMPAIRMENT AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

1. Priority Claims (Class 1)

(a) *Classification.* Class 1 consists of the Allowed Priority Claims.

(b) *Treatment.* Each Holder of an Allowed Priority Claim shall be paid in full, in Cash, on the later of the Effective Date or as soon as practicable after the date on which such Priority Claim becomes Allowed, in full settlement, satisfaction, release and discharge of an Allowed Priority Claim.

(c) *Voting.* Class 1 is Unimpaired. The Holders of Claims in Class 1 are deemed to accept the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

2. Secured Claims (Class 2)

(a) *Classification:* Class 2 (Subclasses 2A, 2B, and 2C) includes the Allowed Secured Claims against the Debtors. For the avoidance of doubt, Class 2 consists only of Secured Claims of: John Hancock Variable Life (sub-Class 2A); Lincoln National Life Insurance Co. (sub-Class 2B); and Ford Credit (sub-Class 2C). For all purposes under the Plan, each of the foregoing Allowed Secured Claims in Class 2 is a separate Secured Claim against the applicable Debtors. Accordingly, the Class of Secured Claims against a particular Debtor will be sub-divided into separate Classes as follows:

Class 2(A) — Claim of John Hancock Variable Life

Class 2(B) — Claim of Lincoln National Life Insurance Co.

Class 2(C) — Ford Credit

(b) *Nature and Treatment of Secured Claims:* As of the Petition Date, the amount of the Secured Claim of John Hancock Variable Life (Class 2A) is \$11,769.66 and is supported by collateral with a value of \$3,000,000.00. As of the Petition Date, the amount of the Secured Claim of Lincoln National Life Insurance Co. (Class 2B) is \$300,739.71 and is supported by collateral with a value of \$1,500,000.00. As of the Petition Date, the amount of the Secured Claim of Ford Credit (Class 2C) is \$5,294.76 and is supported by collateral with a value of \$22,000.00. Except to the extent that a Holder of an Allowed Secured Claim against any of the Debtors agrees to a less favorable treatment of such Claim, in full and final satisfaction of such Allowed Secured Claim, at the option of the Investment Trustee, (i) each such Holder shall receive payment in Cash in an amount equal to such Claim, payable on the later of the Effective Date and the date that is ten (10) Business Days after the date on which such Secured Claim becomes an Allowed Secured Claim, in each case, or as soon as reasonably practicable thereafter; (ii) such Holder's Allowed Secured Claim shall be cured and reinstated or otherwise treated as provided in Section 1124 of the Bankruptcy Code; (iii) a Distribution of the proceeds of the sale or disposition of the collateral securing such Allowed Secured, upon maturity of such collateral, solely to the extent of the value of the Holder's secured interest in such collateral; or (iv) such Holder shall receive such other treatment so as to render such Holder's Allowed Secured Claim Unimpaired pursuant to Section 1124 of the Bankruptcy Code.

(c) *Voting:* Class 2 is Unimpaired, and the Holders of Secured Claims are conclusively presumed to have accepted the Plan pursuant to § 1126(f) of the Bankruptcy Code. Therefore, Holders of Secured Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Secured Claims.

3. General Unsecured Claims (Class 3)

(a) *Classification.* Class 3 consists of General Unsecured Claims, as defined in the Plan as consisting of Investor Claims, Lapolla Investor Claims, and any other pre-petition

Claim as of the Petition Date that is not an Administrative Expense Claim (including, a Professional Claim), a DIP Claim, a Priority Tax Claim, a Priority Claim, a Landau Investor Claim, or a Secured Claim. Class 3 is impaired by the Plan. Each Holder of an Allowed General Unsecured Claim in Class 3 is entitled to vote to accept or reject the Plan.

(b) *Treatment.* Except to the extent that a Holder of an Allowed General Unsecured Claim has been paid by the Debtors or otherwise resolved prior to the Effective Date, or agrees to a less favorable classification and treatment, each Holder of an Allowed General Unsecured Claim shall have the option of electing one of the following three (3) treatments of its Allowed General Unsecured Claim by checking the appropriate box on its Ballot, each of which will be treated as a vote to accept the Plan:

- (1) *Option 1—Investment Trust Election.* Holders of an Allowed General Unsecured Claim may, in full and final satisfaction of such claim, exchange, transfer, and assign their respective Allowed General Unsecured Claims to the Investment Trust and thereby elect to become an Investment Trust Elector. In exchange for the contribution of the General Unsecured Claim to the Investment Trust, the Investment Trust Elector (A) will receive Investment Trust Shares in the Investment Trust equal to one Investment Share for every \$1.00 of such Investment Trust Elector's Allowed Class 3 Claim or Claims; (B) will be relieved of all payment obligations for Policy premiums and the servicing fees relating to the Policies due for periods from and after the Petition Date; and (C) will be subject to the Investment Trust's right of setoff for any unpaid Pre-Petition Default Amount. Consistent with Article 10.4 of the Plan, the Investment Trustee may set off from any Distribution called for on account of any Investment Trust Share an amount equal in value to any Prepetition Default Amount that any Debtor may hold against the Holder of any such Investment Trust Share. Each Holder of an Allowed Class 3 Claim may elect the Investment Trust Election by making such election on the Ballot to be provided to the Holders of Allowed Class 3 Claims entitled to vote to accept or reject the Plan.
- (2) *Option 2—Cash-Out Election.* Each Holder of an Allowed Class 3 Claim may elect the Cash-Out Election on such Holder's Class 3 Ballot and thereby elect to become a Cash-Out Elector. By making the Cash-Out Election, each Cash-Out Elector will first exchange, transfer, and assign their Allowed General Unsecured Claim to the Investment Trust and will receive one (1) Investment Trust Share for every dollar of its Allowed General Unsecured Claim. Each Cash-Out Elector who makes the Cash-Out Election on their Class 3 Ballot will then sell, assign, and transfer their Investment Trust Shares to ASM and, in exchange, receive from ASM a lump-sum of Cash within ten (10) days after the Effective Date equal to [x] for each \$1.00 of such Cash-Out Elector's Allowed Class 3

Claim. In exchange, ASM will be assigned Investment Trust Shares in the Investment Trust equal to one Investment Share for every \$1.00 of such Holder's Allowed Class 3 Claim or Claims acquired by ASM in the Cash-Out Election. Except for ASM, each Holder of an Allowed Class 3 Claim who elects the Cash-Out Election will be subject to the Investment Trust's right of setoff for any unpaid Pre-Petition Default Amount. Each Holder of an Allowed Class 3 Claim may elect the Cash-Out Election by making such Cash-Out Election on the Ballot to be provided to the Holders of Allowed Class 3 Claims entitled to vote to accept or reject the Plan; *provided, however*, that the Cash-Out Election is not available to any Holder of an Allowed Class 3 Claim against whom the Debtors', whether individually or collectively, right to setoff exceeds the total amount of Cash to be paid by ASM to the Cash-Out Elector.

- (3) *Option 3—Hybrid Election.* Hybrid Election. Each Holder of an Allowed Class 3 Claim may elect the Hybrid Election on such Holder's Class 3 Ballot and thereby elect to become a Hybrid Elector. By making the Hybrid Election, each Hybrid Elector will first exchange, transfer, and assign their Allowed General Unsecured Claim to the Investment Trust and will receive one (1) Investment Trust Share for every dollar of its Allowed General Unsecured Claim. Then, by making the Hybrid Election, each Hybrid Elector will (i) exchange, transfer, and assign fifty (50%) percent of such Hybrid Elector's Allowed Class 3 Claim to the Investment Trust for Investment Trust Shares as provided in Article 5.3(b)(1), and (ii) sell, assign, and transfer the remaining fifty (50%) percent of such Hybrid Elector's Investment Trust Shares to ASM and, in exchange, receive from ASM a lump-sum payment in Cash in an amount equal to [X] for each \$1.00 of fifty (50%) percent of the Holder's Allowed Claim as provided in Article 5.3(b)(2) above. In exchange for the sale, assignment, and transfer of the Investment Trust Shares to ASM, ASM will be assigned Investment Trust Shares in the Investment Trust equal to one Investment Share for every \$1.00 for fifty (50%) percent of such Holder's Allowed Class 3 Claim or Claims acquired by ASM in the Hybrid Election. Except for ASM, each Holder of an Allowed Class 3 Claim who elects the Hybrid Election will be subject to the Investment Trust's right of setoff for any unpaid Pre-Petition Default Amount. Each Holder of an Allowed Class 3 Claim may elect the Hybrid Election by making such election on the Ballot to be provided to the Holders of Allowed Class 3 Claims entitled to vote to accept or reject the Plan; *provided, however*, that the Hybrid Election is not available to any Holder of an Allowed Class 3 Claim against whom the Debtors', whether individually or collectively, right to setoff exceeds the total amount of Cash to be paid by ASM to the Hybrid Elector.

For the avoidance of doubt, ASM shall be assigned Investment Trust Shares equal to one Investment Share for every \$1.00 up to the amount of each Holder's Allowed Claim sold, assigned and transferred to ASM pursuant to the Option 2-Cash Out Election or Option 3-

Hybrid Election. Any Allowed Class 3 Claims or portions thereof or Investment Trust Shares acquired by ASM shall not be subject to the Debtor's or Investment Trust's rights of setoff.

(c) *Voting*. Class 3 is Impaired. The Holders of Claims in Class 3 are entitled to vote to accept or reject the Plan.

(d) *Failure to Make Election on Ballot by Holders of Allowed Class 3 Claims*. A Holder of an Allowed Class 3 Claim (including any Disputed Claim which subsequently becomes Allowed) who does not select one of the foregoing three (3) options on its Ballot for treatment of its Allowed Claim shall be deemed to have selected Option 1 above and made an Investment Trust Election for treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each such Allowed Claim in Class 3.

(e) *Rejection of Investment Contracts*. Pursuant to Article 12 of the Plan, and in accordance with Sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all unexpired leases and executory contracts, including the Investment Contracts, that existed between the Debtors and any Person are **rejected** by the Debtors as of the Effective Date of the Plan; provided that, however, all of the Policies are treated as executory contracts under the Plan and will be assumed by the Debtors, effective as of the Effective Date and assigned to the Investment Trust.

(f) *Waiver of Claims Based on Rejection of Executory Contracts*. In full and final satisfaction, settlement, release, and discharge of, and in exchange for, treatment as a Class 3 Allowed Claim, each Holder of a Class 3 Allowed Claim (whether or not such Holder votes on, or in favor of, the Plan) upon Confirmation of the Plan, shall be deemed to fully, completely, unconditionally, irrevocably, and forever release the Debtors, the Estates, the Reorganized Debtors, and the Investment Trust of and from any Claim, Causes of Action, debts, obligations, rights, suits, damages, actions, remedies, and liabilities whatsoever, whether known or unknown, resulting from or relating to the rejection of any executory contract, including any Investment Contract, pursuant to the terms of the Plan.

4. Landau Creditor Claims (Class 4)

(a) *Classification*. Class 4 consists of Holders of Landau Investor Claims.

(b) *Treatment*. In full and final satisfaction, settlement, release, and discharge of, and in exchange for, treatment as a Class 4 Allowed Claim, and except to the extent that a Holder of an Allowed Landau Investor Claim against any of the Debtors agrees to a less favorable treatment of such Claim or has been paid before the Effective Date, the Holder of an Allowed Landau Investor Claim shall receive from the Investment Trustee a

Distribution in the amount equal to such Holder's contractual right to a Fractional Interest of the Maturity Funds derived from the Landau Policy *minus* a three percent (3%) administration fee to the Investment Trust, *minus* a 2% service fee, and *minus* any unpaid Pre-Petition Default Amount owed by such Holder.

(c) *Voting*. Class 4 is Impaired. The Holders of Claims in Class 4 are entitled to vote to accept or reject the Plan.

5. Equity Interests (Class 5)

(a) *Classification*. Class 5 consists of Equity Interests in each of the Debtors.

(b) *Treatment*. Class 5 is unimpaired and, on the Effective Date, at the sole option of the Reorganized Debtors and free and all clear of all Liens, Claims, interests, and encumbrances, either (i) the equity interests in the reorganized Debtors shall be reissued to the current Holders of the Equity Interests in their current proportionate shares (if applicable), or (ii) all existing Equity Interests of the Debtors will be extinguished and terminate for all purposes whatsoever, and no right, title, claim or interest arising out of or in connection with the existing Equity Interests in the Debtors shall survive the Effective Date or asserted against the Debtors, Reorganized Debtors, or the Investment Trust, and the Reorganized Debtors will issue 100% of their equity interests to current Holders of the Equity Interests in their current proportionate shares (if applicable).

(c) *Voting*. Class 5 is unimpaired by the Plan and the Holders of Equity Interests are conclusively presumed to have accepted the Plan pursuant to § 1126(f) of the Bankruptcy Code. Therefore, Holders of Equity Interests are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited.

F. Acceptance, Rejection, Amendment, and Revocation or Withdrawal of the Plan

1. Classes Entitled to Vote Under the Plan

Under section 1124 of the Bankruptcy Code, a class of claims or equity interests is deemed to be "impaired" under a plan unless (1) the plan leaves unaltered the legal, equitable, and contractual rights to which such claim or equity interest entitled the holder thereof or (2) notwithstanding any legal right to an accelerated payment of such claim or equity interest, the plan (a) cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy or defaults of a kind that does not require cure); (b) reinstates the maturity of such claim or equity interest as it existed before the default; (c) compensates the holder of such claim or equity interest for any damages from such holder's reasonable reliance on such right to an accelerated payment; (d) if such claim or interest arises from a failure to perform nonmonetary

obligations, other than a default arising from a failure to operate a nonresidential real property lease, compensates the holder of such claim or such interest (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure; and (e) does not otherwise alter the legal, equitable, or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

Each Holder of an Allowed Claim, as of the Voting Record Date, in an Impaired Class, other than those Classes that are deemed to reject the Plan, shall be entitled to vote to accept or reject the Plan, in its sole and absolute discretion, subject to applicable law.

Classes 1, 2, and 5 are Unimpaired by the Plan. Under section 1126(f) of the Bankruptcy Code, Holders of Allowed Claims and/or Equity Interests in Classes 1, 2 and Class 5 are conclusively deemed to accept the Plan, and thus the votes of the Holders of such Claims will not be solicited by the Debtors.

Class 3 and Class 4 of the Plan are Impaired by the Plan and are therefore entitled to vote to accept or reject the Plan. Accordingly, only the votes of Holders of Allowed Claims in Class 3 and Class 4 of the Plan will be solicited with respect to the Plan

2. Acceptance by Class of Claims

An Impaired Class of Claims shall be deemed to accept the Plan if (a) Holders (other than any Holder designated under § 1126(e) of the Bankruptcy Code) of at least two-thirds in dollar amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (b) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

3. Nonconsensual Confirmation

If any Class of Claims entitled to vote shall not accept the Plan by the requisite statutory majority required by section 1129(a) of the Bankruptcy Code, the Plan Proponents reserve the right to (a) request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code with respect to such non-accepting Class, in which case the Plan shall constitute a motion for such relief, or (b) alter, amend or modify the Plan.

4. Revocation or Withdrawal; No Admission

(a) *Right to Revoke or Withdraw.* The Plan may be revoked or withdrawn prior to the Confirmation Date by the Plan Proponents in their sole discretion.

(b) *Effect of Withdrawal or Revocation; No Admissions.* If the Plan is revoked or withdrawn prior to the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein or in the Plan shall be deemed to constitute a waiver or release of any claims or defenses or any admission or statement against interest

by any Debtor or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving any Debtor.

5. Amendment of Plan Documents

From and after the Effective Date, the authority to amend, modify, or supplement the Plan Supplement, the Exhibits to the Plan Supplement and the Exhibits to the Plan and any documents attached to such Plan Supplement, Exhibits to the Plan Supplement and Exhibits to the Plan shall be as provided in such Plan Supplement, Exhibits to the Plan Supplement and Exhibits to the Plan and their respective attachments.

G. MEANS OF IMPLEMENTING THE PLAN

1. Consolidation for Voting and Distribution Purposes

The Plan treats the Debtors as comprising a single Estate solely for the purposes of classification of Claims, voting on the Plan, confirmation of the Plan, and making Distributions under the Plan with respect to Allowed Claims against the Debtors. Such treatment shall not affect any Debtor's status as a separate legal entity, change the organization structure of the Debtors' business enterprise, constitute a change of control of any Debtor for any purpose, cause a merger or consolidation of any legal entities, cause the transfer of any assets, nor result in the substantive consolidation of the Debtors; and, except as otherwise provided by or permitted in the Plan, all Debtors shall continue to exist as separate legal entities. Such treatment shall also not affect any Cause of Action available to any Debtor or the Debtors' Estates. The above-described treatment serves only as a mechanism to effect a fair distribution of value to the Holders of Allowed Claims.

The Plan shall be deemed to be a motion, pursuant to Bankruptcy Rule 9013, by the Debtors for limited and partial substantive consolidation with respect to the Plan as set forth therein. Any objection by an affected Creditor to such consolidation shall be treated as an objection to Confirmation and shall be determined by the Bankruptcy Court at the Confirmation hearing. Failure to timely object to such limited or partial substantive consolidation may result in consolidation of the Debtors in accordance herewith, without further hearing.

The substantive consolidation effected pursuant to Article 7 of the Plan shall not affect, without limitation: any (a) Claim(s) or Cause(s) of Action, including, without limitation, any of the Debtor's or the Investment Trust's defenses thereto or their ability to assert any counterclaim; (b) the Debtor's or the Investment Trust's setoff or recoupment rights, or (c) the requirements for any third party to establish mutuality prior to the Debtors' or the Estates' substantive consolidation in order to assert a right of setoff against the Debtors, the Investment Trust, or the Estates.

2. Operation of the Cash-Out Election and the Hybrid Election.

Consistent with Article 5.3 of the Plan, in exchange for making the Cash-Out Election or

the Hybrid Election, each Cash-Out Elector or Hybrid Elector, as the case may be, is entitled to receive Cash in the amount equal to [X] for each \$1.00 of such Cash-Out Elector's Allowed Claim or 50% of such Hybrid Elector's Allowed Claim. The decision to make the Cash-Out Election or the Hybrid Election is irrevocable. Prior to the Effective Date, the Debtors will examine all timely-submitted Ballots and will identify those Holders of Class 3 Claims who made the Cash-Out Election and the Hybrid Election. On or before the seventh (7th) day before the Effective Date, the Debtors will provide to ASM a complete report of such Holders of Allowed Claims in Class 3 who have successfully made the Cash-Out Election and the Hybrid Election. On or before the third (3rd) day before the Effective Date, but in no event before May 1, 2017, ASM shall remit or transfer to the Debtors, for inclusion in the Investment Trust on the Effective Date, the total aggregate Cash necessary to fully fund the Distributions to Cash-Out Electors and the Hybrid Electors who have timely-submitted Ballots and who made the Cash-Out Election and the Hybrid Election available under the Plan (the "Cash Out Payment"). Within ten (10) business days after the Effective Date, the Investment Trustee shall cause the Cash Out Payment to be transferred to those Holders of Allowed Class 3 Claims who made the Cash Out Election or Hybrid Election in exchange for the transfer and assignment of such Holder's claims (or 50% portion thereof) to ASM or their designee and to otherwise consummate the Cash Out Election and Hybrid Election. Upon completion of the Cash Out Election and Hybrid Election, the Investment Trustee shall cause Investment Trust Shares to be issued to ASM in respect of the Allowed Class 3 Claims acquired by ASM pursuant to the Cash Out Election and Hybrid Election.

3. Comprehensive Compromise and Settlement of Claims, Equity Interests, and Controversies

Pursuant to §§ 363 and 1123(b)(2) of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the Distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of Claims, Equity Interests, and controversies relating to the contractual, legal, and subordination rights that a Creditor or an Equity Interest Holder may have with respect to any Allowed Claim or Equity Interest or any Distribution to be made on account of such Allowed Claim or Equity Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Equity Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and Holders of such Claims and Equity Interests, and is fair, equitable, and reasonable.

4. Exit Facility

(a) On the Effective Date, in accordance with, and subject to, the terms and conditions of the Exit Facility Documents, the Investment Trust will enter into the Exit Facility without the need for any further corporate action and without further action by the Holders of Claims or Equity Interests. Consistent with Article 3.5 of the Plan, DIP Facility will be assumed, extended and restated with the proceeds of the Exit Facility, with terms and conditions to be negotiated that will be acceptable to the Plan Proponents and the Investment Trust. The proceeds issued or deemed issued under the Exit Facility shall be used to (i) fund Distributions under the Plan, (ii) pay the Professional Claims and

the Post Confirmation Administrative Claims in full in accordance with Article 3 of the Plan, (iii) fund other Distributions, costs, and expenses contemplated by the Plan, and (iv) fund general working capital and for general corporate purposes of the Investment Trust, subject to the terms of the Exit Facility Documents.

(b) On the Effective Date, the Exit Facility Documents shall be executed and delivered substantially on the terms and conditions set forth in the Exit Facility Term Sheet, with such modifications to which the Debtors, the Committees, and the Investment Trust may agree. All Liens and security interests granted pursuant to the Exit Facility Documents shall be (i) valid, binding, perfected, and enforceable first priority Liens and security interests in the personal and real property described in the Exit Facility Documents non- bankruptcy law and (ii) not subject to avoidance, re-characterization, reclassification, or subordination under any applicable law. The Investment Trust and the Exit Lender are authorized to make all filings and recordings, and to obtain all approvals and consents necessary to establish, attach and perfect such Liens and security interests under any applicable law, and will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens and security interest to third parties, including the execution of collateral assignments reflecting the Liens on each Policy.

(c) Investment Trustee shall be authorized to execute, deliver, and enter into and perform under the Exit Facility Documents without the need for any further corporate or limited liability company action and without further action by the Holders of Claims or Equity Interests.

5. Intercompany Claims.

Except as otherwise provided in the Plan, Intercompany Claims held by one Debtor against another Debtor shall, solely for purposes of receiving Distributions under the Plan, be deemed waived, released and Disallowed, such that no such Intercompany Claim owed from one Debtor to another Debtor shall receive a Distribution under the Plan or otherwise participate in the Investment Trust, and the applicable Debtor shall not be entitled to vote on the Plan in connection therewith.

6. Section 1146 Exemption

Pursuant to § 1146 of the Bankruptcy Code, the issuance, distribution, transfer or exchange of any equity security or notes, or the creation, making, assignment delivery or recording of any mortgage, deed of trust, instrument of transfer, pursuant to, in implementation of or as contemplated by the Plan or any Plan Document, or the vesting, re-vesting, transfer or sale of any property of, by or in the Debtors, their Estates, the Investment Trust, or Reorganized Debtors pursuant to, in implementation of or as contemplated by the Plan or any Plan Document, or any transaction arising out of, contemplated by or in any way related to the foregoing, including the execution of the Exit Facility Documents, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangible or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, sales and use Uniform Commercial Code filing or

recording fee, or other similar tax or governmental assessment, and the appropriate state or local governmental officials or agents shall, by the Confirmation Order, be directed to forego the collection of any such tax or governmental assessment and to accept for filing and recording any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

7. Corporate Action.

All actions contemplated to be performed by the Debtors or the Reorganized Debtors pursuant to the Plan, or any corporate action to be taken by or required of the Debtors or the Reorganized Debtors, shall, as of the Effective Date, be deemed to have occurred and be effective as provided in the Plan, and shall be authorized and approved in all respects without any requirement for further action by the shareholders, partners, members or managers of the Debtors or the Reorganized Debtors. All Persons, the Reorganized Debtors, Governmental Units, title agencies, licensing agencies and offices of recordation may rely upon the authority vested in the Debtors' officers, or managers to act on the Debtors' behalf in order to effectuate the Plan and the transactions contemplated therein.

8. Vesting of Assets.

Upon the Effective Date, pursuant to § 1141(b) and (c) of the Bankruptcy Code, all Investment Trust Assets shall vest in the Investment Trust free and clear of all claims liens, encumbrances and charges and other interest except the liens and security interest granted to secure DIP Facility, and Reorganized Debtor Assets shall vest in the Reorganized Debtors, free and clear of all claims, liens, encumbrances, charges, and other interests, except as provided in the Plan or the Confirmation Order. From and after the Effective Date, the Reorganized Debtors may operate the Debtors' business and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending case under any chapter or provision of the Bankruptcy Code. Except as otherwise provided in the Plan, on the Effective Date, title to all assets and properties and interests in property dealt with by the Plan shall vest in the Investment Trust or the Reorganized Debtors, as provided in the Plan, free and clear of all Claims, Equity Interests, Liens, encumbrances, charges, and other interests, except for the liens and security interest granted to secure the DIP Facility which shall be assigned, extended and restated by the Exit Facility Documents, and the Confirmation Order shall be a judicial determination of discharge of the liabilities of the Debtors arising prior to the Effective Date, except as may be otherwise provided in the Plan.

9. Surrender and Cancellation of Notes, Instruments, Certificates, and Other Documents Evidencing Claims.

On the Effective Date, except to the extent otherwise provided in the Plan, all notes, instruments, certificates, and other documents evidencing Claims will be cancelled and the obligations of the Debtors discharged in accordance with § 1141(d)(1) of the Bankruptcy Code, except for the DIP Facility which shall be assumed, extended and restated by the Exit Facility Documents.

10. Re-Vesting of Equity Interests or Issuance of New Equity in the

Reorganized Debtors.

On the Effective Date, at the sole option of the Reorganized Debtors and free and clear of all Liens, Claims, interests and encumbrances, either (i) the Equity Interests shall re-vest in the current Holders of the Equity Interests in their current proportionate shares (if applicable), or (ii) all existing Equity Interests of the Debtors will be extinguished and terminate for all purposes whatsoever, and no right, title, claim or interest arising out of or in connection with the existing Equity Interests in the Debtors shall survive the Effective Date or be asserted against the Debtors, Reorganized Debtors, or otherwise, and the Reorganized Debtors will issue 100% of their equity interests to current Holders of the Equity Interests in their current proportionate shares (if applicable).

11. Operations of the Debtors Between the Confirmation Date and the Effective Date.

The Debtors shall continue to operate as debtors-in-possession during the period from the Confirmation Date through and until the Effective Date. The retention and employment of the Professionals retained by the Debtors shall terminate as of the Effective Date, provided, however, that the Debtors shall be deemed to exist, and their Professionals shall be retained, after such date only with respect to applications (if any) filed pursuant to sections 330 and 331 of the Bankruptcy Code.

12. Continued Corporate Existence of the Reorganized Debtors After the Effective Date.

(a) Except as otherwise provided in the Plan, the Debtors shall continue to exist after the Effective Date as Reorganized Debtors in accordance with the applicable laws of the respective jurisdictions in which they are incorporated or organized and pursuant to its certificate of incorporation and bylaws or other organizational documents in effect before the Effective Date, except to the extent such certificate of incorporation or bylaws (or other formation documents in the case of a limited liability company or limited partnership) are amended by the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be authorized pursuant hereto and without the need for any other approvals, authorizations, actions or consents.

(b) Notwithstanding, each of the Debtors or Reorganized Debtors may change its status of incorporation or alter its corporate structure or business form (either through a merger, consolidation, restructuring, conversion, disposition, liquidation, dissolution, or otherwise) on or after the Effective Date as may be determined by the Debtors to be appropriate. In each case in which the surviving, resulting, or acquiring company in any such transaction is a successor to a Debtor, such successor company shall perform the obligations of the applicable Debtor under the Plan, if any.

(c) The Reorganized Debtors shall file federal income tax returns for the Debtors for the 2016 and 2017 tax years.

13. Amendment of Governance Documents

As of the Effective Date, and without any further action by the stockholders, directors or members of each Debtor or the Reorganized Debtors, and to the extent necessary to comply with § 1123(a)(6) of the Bankruptcy Code, the Debtors' articles of incorporation and by-laws (or analogous governance documents) shall be amended and restated, in form and substance consistent with the Plan, to provide for, among other things, (i) to provide for such provisions, terms, and conditions necessary to comply, conform with, authorize and implement the terms, conditions, requirements, and all acts necessary to implement the Plan, including the issuance of the common stock or similar equity interests in the Reorganized Debtors (constituting 100% of the issued and outstanding capital stock of the Reorganized Debtors, to be issued under the Plan) and (ii) to prohibit the issuance of nonvoting equity securities. The officers of the Reorganized Debtors are authorized to file such articles of incorporation and by-laws (or analogous governance documents) with the appropriate authority(ies) without shareholder approval or any other action. After the Effective Date, the Reorganized Debtors may amend and/or restate its articles of incorporation and by-laws as permitted under applicable law.

14. Officers and Boards of Directors

(a) Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, as of the Effective Date, the directors, officers, partners, members and managers, as the case may be, of each of the Debtors immediately prior to the Effective Date shall be deemed to be the directors, officers, partners, members and managers, as the case may be, of each of the Reorganized Debtors without any further action by any party. Pursuant to § 1129(a)(5) of the Bankruptcy Code, the Debtors have disclosed, in the Disclosure Statement or the Plan Supplement, the identity and affiliation of any individuals proposed to serve as the initial partners, members and managers of the Reorganized Debtors.

(b) On and after the Effective Date, the operations of the Reorganized Debtors shall continue to be the responsibility of its directors, officers, partners, members and managers, as the case may be, or as set forth in the applicable existing organizational or operational documents of each of the Debtors. Each director, officer, partner, member and manager, as applicable, of the Reorganized Debtors shall serve from and after the Effective Date until his or her successor is duly elected or appointed and qualified or until his or her earlier death, resignation or removal in accordance with the applicable articles or certificate of incorporation, operating agreement or other organizational documents of the Reorganized Debtors.

(c) From and after the Confirmation Date, the directors, officers, partners, members and managers, as applicable, of the Debtors and the Reorganized Debtors, as the case may be, shall have all powers accorded by law to put into effect and carry out the Plan and the Confirmation Order.

15. Effectuating Documents and Further Transactions.

On or before the Effective Date, and without the need for any further order or authority,

the Debtors shall file with the Bankruptcy Court or execute, as appropriate, such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors, the Reorganized Debtors, the Investment Trustee, and any other necessary party, as applicable, shall perform all actions reasonably contemplated regarding the implementation of the Plan. The Investment Trust and each of the directors, officers, partners, members and managers, as the case may be, of the Debtors and the Reorganized Debtors is authorized, without the need for any further order or authority, (i) to execute, deliver, file, or record such contracts, instruments, releases, indentures, mortgages, and other agreements or documents and take such actions as may be necessary or appropriate to implement or consummate the Plan, notes or securities issued pursuant to the Plan including specifically the execution of the Exit Facility Documents, and (ii) to undertake any other action on behalf of the Debtors to implement or consummate the Plan. Each of the matters provided for under the Plan involving the corporate structure of the Debtors or corporate action to be taken by or required of any Debtor will, as of the Effective Date, be deemed to have occurred and be effective as provided herein, and shall be authorized, approved, and (to the extent taken before the Effective Date) ratified in all respects without any requirement of further action by any stockholder, creditor, or director of the Debtor.

16. Nonconsensual Confirmation.

The Plan Proponents intend to undertake to have the Bankruptcy Court confirm the Plan under §1129(b) of the Bankruptcy Code as to any Classes that reject or are deemed to reject the Plan.

17. Notice of the Effective Date.

On the Effective Date, the Debtors shall file a notice of the occurrence of the Effective Date with the Bankruptcy Court.

18. Separability.

Notwithstanding anything to the contrary, the Plan constitutes a separate chapter 11 plan for each Debtor. Accordingly, and subject to the Plan Proponents' consent, if the Bankruptcy Court does not confirm the Plan with respect to one or more Debtors, it may still confirm the Plan, if appropriate, with respect to any other Debtor that satisfies the confirmation requirements of § 1129 of the Bankruptcy Code.

19. Section 1145 Determination

Debtors believe that the offer, purchase, sale and issuance of securities under the Plan is exempt from the registration requirements under state and federal securities laws.

H. INVESTMENT TRUST, THE INVESTMENT TRUSTEE, AND THE TRUST BOARD

1. Creation and Operation of the Investment Trust.

The Investment Trust shall be created upon entry of the Confirmation Order pursuant to the Investment Trust Agreement for the purpose of, *inter alia*, administering the Investment Trust Assets, pursuing Causes of Action, and making Distributions under the Plan.

The Investment Trust shall be created for the primary purpose of liquidating and collecting on assets transferred to it, with no objective to continue to engage in the conduct of a trade or business except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Investment Trust. The Estates will treat the transfer of Investment Trust Assets to the Investment Trust for all purposes of the Internal Revenue Code as a transfer to beneficiaries to the extent that the Holders of Allowed Class 3 Claims are the beneficiaries of the Investment Trust. Accordingly, the transfer will be treated as a deemed transfer to the beneficiary-creditors followed by a deemed transfer by the beneficiary-creditors to the Investment Trust. The beneficiaries of the trust will be treated as the trust grantors and deemed owners of the Investment Trust.

The Investment Trustee will file tax returns for the Investment Trust as a grantor trust in accordance with IRC Reg. Sec. 1.671-4(a). In addition, the Investment Trustee will provide for consistent valuation of property transferred to the Investment Trust and those valuations must be used for all federal income tax purposes by the Estates, the Investment Trust and the beneficiaries.

The Investment Trustee shall be responsible for making Distributions under the Plan after the Effective Date. In making Distributions under the Plan, the Investment Trustee will comply with all withholding and reporting requirements imposed by federal, state or local taxing authorities. All Distributions pursuant to the Plan will be subject to all applicable withholding and reporting requirements.

The Investment Trust may require any Holder of an Investment Trust Share entitled to a Distribution under the Plan to complete any form or forms required by the IRS (“IRS Forms”) and furnish its, his or her employer or taxpayer identification number (the “TIN”) assigned by the Internal Revenue Service. Any Distribution under the Plan may be conditioned on the receipt of such IRS Forms and TIN. If any such Holder entitled to a Distribution hereunder fails to provide a requested IRS Forms and TIN within ninety (120) days after written request thereof, then such failure shall be deemed to be a waiver of such Holder’s interest in any future Distributions, including the right to receive any future Distributions.

2. The Vesting of Investment Trust Assets

On the Effective Date of the Plan (i) the Investment Trust Assets shall vest in, and be transferred to, the Investment Trust, which Investment Trust shall constitute, be appointed as and be deemed a representative of the Estates pursuant to and in accordance with the terms of Section 1123(b)(3)(B) of the Bankruptcy Code solely for the benefit of all Holders of Investment Trust Shares with respect to, among other things, the Investment Trust Assets, and (ii) the Investment Trust, through the Investment Trustee, is and shall be authorized and appointed to liquidate the Invested Trust Assets and to investigate, prosecute, enforce, pursue and settle, and continue to investigate, prosecute, enforce, pursue and settle, the liquidation of such Investment Trust

Assets, including Causes of Action as a representative of the Estates pursuant to and in accordance with the terms of Section 1123(b)(3)(B) of the Bankruptcy Code solely for the benefit of all Holders of Investment Trust Shares.

NOTWITHSTANDING ANYTHING IN THE PLAN TO THE CONTRARY, THE VESTING IN AND TRANSFER OF THE INVESTMENT TRUST ASSETS TO THE INVESTMENT TRUST SHALL BE FREE AND CLEAR OF ANY AND ALL LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS OF ANY KIND WHATSOEVER, EXCEPT FOR THE LIENS AND SECURITY INTEREST GRANTED TO SECURE THE DIP FACILITY WHICH SHALL BE ASSUMED EXTENDED AND RESTATED BY THE EXIT FACILITY DOCUMENTS AND AS EXPRESSLY PRESERVED AND PROVIDED FOR IN THE PLAN AND THE CONFIRMATION ORDER.

NOTWITHSTANDING ANYTHING IN THE PLAN TO THE CONTRARY, ENTRY OF A CONFIRMATION ORDER SHALL DIVEST THE DEBTORS OF ANY AND ALL RIGHT, TITLE AND/OR INTEREST IN THE INVESTMENT TRUST ASSETS, SUCH THAT THE DEBTORS AND THE REORGANIZED DEBTORS SHALL NOT HAVE ANY RIGHTS OR AUTHORITY IN RESPECT OF ANY INVESTMENT TRUST ASSETS VESTED IN THE INVESTMENT TRUST.

3. The Investment Trust Agreement.

The Investment Trust Agreement shall conform to the terms of the Plan, and to the extent that the Investment Trust Agreement is inconsistent with the Plan or the Confirmation Order, the terms of the Plan or the Confirmation Order, as the case may be, shall govern.

4. The Investment Trustee.

(a) *Identity of Investment Trustee.* The Investment Trustee under the Investment Trust is Margaret J. Smith of GlassRatner Advisory & Capital Group.

(b) *Authority and Responsibilities of Investment Trustee.*

- i. The Investment Trustee shall retain and have all the rights, powers, and duties necessary to carry out her responsibilities under the Plan and the Investment Trust Agreement. The Investment Trustee shall be the exclusive trustee of the Investment Trust Assets for the purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3), as well as the representative of the Estates appointed pursuant to § 1123(b)(3)(B) of the Bankruptcy Code. Specifically, the Investment Trustee shall act in a fiduciary capacity for the Holders of all Investment Trust Shares and shall have only those rights, powers and duties conferred to her by the Plan and the Investment Trust Agreement, as well as the rights and powers of a trustee under sections 542 through 552 of the Bankruptcy Code and the duties of a trustee under sections 704(1),(2),(4),(5),(7) and (9) of the Bankruptcy Code. Confirmation of the Plan shall constitute and confirm the appointment of the Investment Trustee,

including to (a) exercise the rights, power and authority of the Investment Trust under the applicable provisions of the Plan and bankruptcy and non-bankruptcy law, and (b) otherwise implement the Plan, wind up the affairs of the Estates and the Investment Trust, and close the Chapter 11 Cases. In addition, the Investment Trustee shall be authorized to retain Post-Confirmation Professionals in the exercise of her business judgment to represent the Investment Trust in performing and implementing the Plan and the Investment Trustee's duties under the Plan, including to pursue Causes of Action and in respect of any issue, proceeding, claim or cause of action.

- ii. The Investment Trustee shall have the authority and responsibility set forth in the Plan and in the Investment Trust Agreement, including, without limitation: (i) the payment of all premiums associated with the Policies contributed to the Investment Trust on or after the entry of the Effective Date, including the maintenance of the Premium Reserve required by the Investment Trust Agreement; (ii) execute all Exit Facility Documents and take all action in accordance therewith (iii) resolving any dispute relating to whether the Pre-Petition Default Amount due from any Investor, Landau Investor, and/or Lapolla Investor is owing or is in the correct amount; (iv) enforcing the Investment Trust's rights under the Plan and the Investment Trust Agreement; (v) administering and enforcing the Investment Trust's rights and obligations under the Servicing Agreement and/or the Exit Facility Documents; (vi) appointing, replacing and directing third party service providers to serve as record owner or beneficiary of record for any or all of the Policies; (vii) paying all Allowed Administrative Claims, Allowed Priority Claims (including Allowed Priority Tax Claims) and any other expenses payable by the Debtors or their Estates that remain unpaid as of the Effective Date or are first Allowed or become payable after the Effective Date; (viii) evaluating Policies after the Effective Date to determine whether the Investment Trustee should exercise the rights provided under the Plan and the terms of the Investment Trust Agreement; and (ix) hiring, employing, or retaining the Servicing Company, consistent with the terms of the Servicing Agreement.
- iii. In addition and except as otherwise specifically preserved herein, the Investment Trust, through the Investment Trustee, will have authority to take all actions necessary to: (a) hold, manage, protect, administer, collect, sell, liquidate, prosecute, transfer, resolve, settle, adjust, invest, distribute, or otherwise dispose of any Investment Trust Assets subject to the terms of the Exit Facility Documents; (b) reconcile Claims and contest objectionable Claims and Disputed Claims; (c) make all Distributions to be funded under the Plan; (d) pay all necessary expenses incurred in connection with the duties and responsibilities of the Investment Trustee under the Plan, and to borrow funds if and to the extent necessary to do so; (e) administer, implement and enforce all provisions of the Plan applicable to the Investment Trust; (f) file tax returns and make other related corporate filings related to the Debtors; (g) administer the Plan and the Investment Trust Assets; (h) abandon any of the Investment Trust Assets, (i) to invest Cash in

accordance with Section 345 of the Bankruptcy Code or otherwise as permitted by order of the Bankruptcy Court, (j) to purchase and carry all insurance policies and pay all premiums and costs deemed necessary and advisable, and (k) undertake such other responsibilities as are reasonable and appropriate in connection with the Plan.

- iv. The Investment Trust, through the Investment Trustee, shall have the right to prepare, file, assert, commence, prosecute and settle, or continue to prosecute in the case of existing actions, any and all Causes of Action and shall be substituted as the real party in interest in any such actions commenced or by or against the Debtors. The Investment Trustee shall prosecute or defend, as appropriate, such actions through final judgment, any appeals deemed necessary and appropriate by the Investment Trustee and the Investment Trustee shall have the power and authority (A) to enter into such settlements as the Investment Trustee deems to be in the best interest of the Holders of Investment Trust Shares, subject to Bankruptcy Court approval after notice and a hearing in accordance with Bankruptcy Rule 9019; or (B) subject to Bankruptcy Court approval after notice and a hearing, to abandon, dismiss and/or decide not to prosecute any such Causes of Action if the Investment Trustee deems such action to be in the best interest of such Holders.
 - v. The Investment Trustee shall post a bond in favor of the Investment Trust in an amount equal to 110% of the Cash on hand, adjusted from time to time in the discretion of the Investment Trustee. The cost of such bond is payable from the Investment Trust Assets. After making each successive Distribution provided for under the Plan, the Investment Trustee shall have the right to seek a refund of the bond premium based upon the diminution of the Investment Trust Assets resulting from each such Distribution.
- (c) *Removal, Appointment, Resignation of Investment Trustee.* The Investment Trustee may resign at any time provided; however, that the Investment Trustee shall file a motion with the Bankruptcy Court in connection therewith and request that a successor or replacement Investment Trustee be appointed in accordance herewith, which motion shall be on notice to the top twenty (20) Holders of Investment Trust Shares and the Investment Trust Board. Any party in interest, by motion filed with the Bankruptcy Court, or the Bankruptcy Court on its own order to show cause, may seek to remove the Investment Trustee for cause, including under Section 324 of the Bankruptcy Code, for the violation of any material provision of the Plan, or in the event the Investment Trustee becomes incapable of acting as the Investment Trustee as a result of physical or mental disability and such physical or mental disability continues for a period in excess of thirty (30) days (except in the case of death, in which instance, the procedures for replacement will begin immediately). In the event of a resignation or removal, the Investment Trustee, unless she is incapable of doing so, shall continue to perform her duties hereunder until such a time as a successor is approved by a Final Order of the Bankruptcy Court. In the event

the Investment Trustee resigns or is removed, the successor Investment Trustee shall be elected in the manner prescribed by Section 1104(b) of the Bankruptcy Code.

5. The Beneficiaries of the Investment Trust.

The beneficiaries of the Investment Trust shall be the Holders of Allowed Class 3 Claims who make the Investment Trust Election or the Hybrid Election and who, through such Election, are entitled to receive Investment Trust Shares pursuant to the Plan and the Investment Trust Agreement and ASM to the extent it has been sold, assigned and transferred any Allowed Claims or portions thereof and is entitled to receive Investment Trust Shares in exchange therefor pursuant to the Plan. In exchange for the contribution of the General Unsecured Claim (or 50% thereof) to the Investment Trust, the Investment Trust Elector will receive one (1) Investment Trust Share for every dollar of its Allowed General Unsecured Claim. Notwithstanding the foregoing, the Investment Trust Shares shall at all times be subject to adjustment, deduction, or offset as set forth in the Plan and the Investment Trust Agreement except that any Investment Trust Shares owned by ASM shall not be subject to setoff.

6. Investment Trust's Right of Setoff.

The Investment Trust shall offset against any Distributions allocated to any Investment Trust Share in an amount equal to all unpaid amounts owed by the Holder of the Investment Trust Share to the Investment Trust, including, but not limited to, all unpaid amounts owed for Pre-Petition Default Amounts except that any Investment Trust Shares owned by ASM shall not be subject to setoff.

7. Investment Trust Reserves.

Following the Effective Date of the Plan, the Investment Trust shall establish and maintain a Premium Reserve as provided in the Plan and the Investment Trust Agreement. In addition, the Investment Trust shall establish such other reserves as required or permitted by the Investment Trust Agreement or the Confirmation Order.

8. Investment Trust Taxes.

The Investment Trustee will file all federal income tax returns for the Investment Trust as a grantor trust pursuant to Internal Revenue Code § 671 and Treasury Regulations § 1.671-4(a)

9. Liability and Indemnification of the Investment Trustee.

The Investment Trustee shall not be liable for any act or omission in the capacity of Investment Trustee, other than intentional acts or omissions resulting from such Person's willful misconduct, gross negligence, or fraud. The Investment Trustee may, subject to the terms of the Investment Trust Agreement, retain and consult with attorneys, accountants and agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with

advice or opinions rendered by such professionals. Notwithstanding such authority, the Investment Trustee shall be under no obligation to consult with attorneys, accountants or her agents, and her determination to not do so shall not result in imposition of liability on the Investment Trustee unless such determination is based on willful misconduct, gross negligence, or fraud. The Investment Trust shall indemnify and hold harmless the Investment Trustee and her agents, representatives, Post-Confirmation Professionals, and employees from and against and in respect of any and all liabilities, losses, damages, claims, costs and expenses, including, but not limited to attorneys' fees and costs arising out of or due to their actions or omissions, or consequences of such actions or omissions, with respect to the Investment Trust or the implementation or administration of the Plan ; provided, however, that no such indemnification will be made to such Persons or Entities for such actions or omissions as a result of willful misconduct, gross negligence, or fraud.

10. Term of the Investment Trust.

The Investment Trustee shall be discharged and the Investment Trust shall be terminated, at such time as (i) all Disputed Claims have been resolved, (ii) all of the Investment Trust Assets have been liquidated, (iii) all duties and obligations of the Investment Trustee under the Investment Trust Agreement have been fulfilled, (iv) all Distributions required to be made by the Investment Trust under the Plan and the Investment Trust Agreement have been made, (v) all amounts due under the Exit Facility Documents have been repaid (vi) the Investment Trustee determines that the administration of any remaining Investment Trust Assets is not likely to yield sufficient additional proceeds to justify further pursuit and/or administration, and (vii) the Chapter 11 Cases have been closed; provided, however, that in no event shall the Investment Trust be dissolved later than five (5) years from the Effective Date unless the Bankruptcy Court, upon motion within the six-month period prior to the fifth anniversary (or the end of any extension period approved by the Bankruptcy Court), determines that a fixed period extension (not to exceed five (5) years, without a favorable letter ruling from the Internal Revenue Service that any further extension would not adversely affect the status of the Investment Trust as a liquidating trust for federal income tax purposes) is necessary to facilitate or complete the recovery and liquidation of the Investment Trust Assets. Upon the occurrence of the termination of the Investment Trust, the Investment Trustee shall file with the Bankruptcy Court, a report thereof, seeking to be discharged from her duties.

11. Compensation of Investment Trustee and Professionals of Investment Trustee.

- (a) As compensation for services in the administration of the Investment Trust, the Investment Trustee shall receive as compensation an immediate 3% fee from and upon the receipt of any funds, assets, Cash, Maturity Funds, Litigation Proceeds, or any other thing of value, including the Investment Trust Assets which are transferred to the Investment Trust on the Effective Date, but excluding principal loan proceeds received from ASM. The Investment Trustee shall be further entitled to the reimbursement for documented actual and reasonable expenses incurred in performing her duties as the

Investment Trustee and shall submit invoices for such actual and reasonable expenses pursuant to Article 8.11(b) of the Plan. Should all or any portion of the Policy Portfolio be sold, the Trustee shall be entitled to receive 3% of the gross sales price received.

- (b) As long as the Chapter 11 Cases remain open, the Liquidating Trustee and the Post-Confirmation Professionals shall be paid 90% of their fees and 100% of their costs on a monthly basis, but shall file fee applications no less frequently than every 180 days seeking approval of fees and expenses to be awarded by the Bankruptcy Court, including approval of the amounts paid on a monthly basis. A Post-Confirmation Professional who fails to file an application seeking approval of compensation and expenses previously paid when such application is due every 180 days shall preclude such Post-Confirmation Professional from being paid monthly as provided herein until an interim fee application has been filed and heard by the Bankruptcy Court. The Bankruptcy Court shall retain jurisdiction to allow or disallow all Post-Confirmation Administrative Claims of the Liquidating Trustee and the Professionals. The invoices for services rendered and out-of-pocket expenses incurred which are to be submitted shall be sufficiently detailed to identify the hours worked, the rates charged and the work performed.
- (c) The Investment Trust may employ such staff and obtain such equipment and premises as are reasonably necessary to carry out its functions and duties, store the books and records of the Debtors and compensate such staff and pay for such equipment and premises from the Investment Trust Assets.

12. Preservation of Causes of Action.

The Debtors are currently not in a position to express an opinion on the merits of any of the Causes of Action or on the recoverability of any amounts as a result of any such Causes of Action. **FOR PURPOSES OF PROVIDING NOTICE, THE DEBTORS STATE THAT ANY PARTY IN INTEREST THAT ENGAGED IN BUSINESS OR OTHER TRANSACTIONS WITH ANY OF THE DEBTORS PREPETITION OR THAT RECEIVED PAYMENTS FROM ANY OF THE DEBTORS PREPETITION MAY BE SUBJECT TO LITIGATION TO THE EXTENT THAT APPLICABLE BANKRUPTCY OR NON-BANKRUPTCY LAW SUPPORTS SUCH LITIGATION.** Unless otherwise covered by insurance, the Investment Trust will fund the costs and expenses (including legal fees) to pursue the Causes of Action, subject at all times to the terms and conditions of the Investment Trust Agreement.

Notwithstanding anything to the contrary in the Plan or in the Disclosure Statement, the provisions of the Disclosure Statement and the Plan that permits the Investment Trust to enter into settlements and compromises of any Causes of Action shall not have, and are not intended to have, any res judicata or collateral estoppel effect with respect to any Causes of Action that are not otherwise treated under the Plan and shall not be deemed a bar to asserting such Causes of Action regardless of whether or to what extent such Causes of Action are specifically described

in the Plan or Disclosure Statement relating hereto. Unless any of the Causes of Action are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or by Final Order of the Bankruptcy Court, all such Causes of Action are expressly reserved and preserved for later adjudication and, therefore, no preclusion doctrine, including without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such Causes of Action upon or after Confirmation or consummation of the Plan.

Furthermore, notwithstanding any provision or interpretation to the contrary, nothing in the Plan or the Confirmation Order, including the entry thereof, shall be deemed to constitute a release, waiver, impediment, relinquishment or bar, in whole or in part, of or to any recovery rights or any other claim, right or cause of action possessed by the Debtors prior to the Effective Date.

13. Appointment of Trust Board.

Upon the Effective Date, the Investment Trust Board shall be formed. The Investment Trust Board shall consist of ASM, Angelo Diaz, Ido Alexander, Esq. on behalf of Theler AG, Victor Gratacos, Esq., and Zachary Bancroft, Esq. on behalf of Michael Shields, and at no time shall exceed five (5) members. The Investment Trustee shall periodically report to the Investment Trust Board the progress being made by the Investment Trustee in respect of the Investment Trustee's powers and duties set forth herein. The Investment Trustee shall consult with the Investment Trust Board in respect of any material decisions concerning the Investment Trust. The Investment Trust Board shall be deemed a party in interest with standing to be heard on any matter involving the Investment Trust. The Investment Trust Board and its members shall be fiduciaries of, and shall have fiduciary duties to the Holders of Investment Trust Shares in the same manner as the Investment Trustee. The duties of the Investment Trust Board shall terminate upon the termination of the Investment Trust. The members of the Investment Trust Board shall serve without compensation. The powers and duties of the Investment Trust Board shall be limited to those specifically set forth in the Plan. The Investment Trust Board may, as it deems reasonably necessary, engage counsel to represent its interests, the fees and expenses of which representation shall be reimbursed by the Investment Trust.

A majority of the members of the Investment Trust Board shall constitute a quorum for the transaction of business at any meeting of the Investment Trust Board, with a majority of those present at any meeting being required to take any action by the Investment Trust Board. The Investment Trust Board is authorized to adopt other and further by-laws for the governance of the Investment Trust Board not inconsistent with the provisions of the Plan.

In the event of a vacancy on the Investment Trust Board (whether by removal, death or resignation) a new member may be appointed to fill such position by the remaining members of the Investment Trust Board, provided however that no such new member shall be the subject of existing or potential Causes of Action. In the event the Investment Trust Board is not comprised of three (3) or more persons, then the Investment Trust Board shall terminate and the remaining members thereof shall be relieved of any further responsibilities hereunder.

14. Establishment of Premium Reserves

After the Effective Date of the Plan, the Investment Trust shall establish and maintain Premium Reserves as provided in the Investment Trust Agreement. In furtherance of the Investment Trust's obligations under the Plan and the Investment Trust Agreement, the Investment Trustee shall establish and maintain, from and after the Effective Date, such account(s) to hold reserves determined by the Investment Trustee to be necessary for the purposes of liquidation of the Investment Trust Assets, including the payment of premiums and other expenses incurred in the administration of the Investment Trust.

15. Distributions During the Term of the Investment Trust

The Trustee shall distribute at least annually to the Investment Trust beneficiaries all of the Distributable Cash generated by the Investment Trust Assets during each calendar year; *provided, however*, that the Investment Trustee shall first repay in kind all amounts owing to the Exit Lender under the Exit Facility Documents prior to any such Distribution of Distributable Cash. All Distributions shall be made in proportion to each Investment Trust Beneficiary's respective Pro Rata Share.

I. DISSOLUTION OF COMMITTEES

1. Dissolution of the Committees. The Committees shall be automatically dissolved on the Effective Date and, on the Effective Date, each member (including each officer, director, employee, or agent thereof) of the Committee and each professional retained by the Committee shall be released and discharged from all rights, duties, responsibilities, and obligations arising from, or related to, the Debtors, their membership on the Committee, the Plan, or the Chapter 11 Cases, except with respect to any matters concerning any Professional Claims held or asserted by any professional retained by the Committees.

J. PROVISIONS GOVERNING DISTRIBUTIONS GENERALLY

1. Timing and Delivery of Distributions by the Investment Trust.

The Investment Trust Agreement shall govern Distributions by the Investment Trust and shall be deemed to include the terms of Article X and other relevant provisions of the Plan. The payment of Distributions under the Investment Trust Agreement shall be made in the ordinary course of business under those agreements and without any requirement for prior approval of the Bankruptcy Court.

2. Method of Cash Distributions.

Any Cash payment to be made pursuant to the Plan or the Investment Trust Agreement may be made by Cash, draft, check, wire transfer, or as otherwise required or provided in any relevant agreement or applicable law at the option of and in the discretion of the Investment

Trustee in consultation with the Investment Trust Board.

3. Undeliverable and Unclaimed Distributions; Failure to Negotiate

If any Distribution to any Holder of Allowed Claim made by the Investment Trustee is returned as undeliverable, the Investment Trust shall use commercially reasonable efforts to determine the current address of each Holder, but no Distribution to such Holder shall be made unless and until the Investment Trust has determined the then current address of such Holder; *provided, however*, that all Distributions to Holders of Allowed Claims made by, or attempted to be made by, the Investment Trustee that are unclaimed for a period of 120 days after the date of the first attempted Distribution shall have its, his, or her Claim for such undeliverable Distribution deemed satisfied and will be forever barred from asserting any such Claim against the Investment Trust, the Investment Trustee, or the Investment Trust Assets. Any Distributions which are undeliverable or have not be negotiated within the time period set forth above shall be deemed unclaimed property under § 347(b) of the Bankruptcy Code and reinvested in the Investment Trust.

4. Setoffs and Recoupments.

- (a) The Investment Trust shall have the right, without prior approval of the Bankruptcy Court, to set off or recoup against any Claim or Investment Trust Shares, and any Distribution to be made on account of such Claim or Investment Trust Shares, any and all claims, rights, and Causes of Action of any nature whatsoever that the Debtors, the Reorganized Debtors, or the Investment Trust may have against the Holder of such Claim pursuant to the Bankruptcy Code or applicable non-bankruptcy law, except that any claim or Investment Trust Shares held by ASM shall not be subject to setoff.
- (b) In no event shall any Holder of Claims, Investment Trust Shares or Equity Interests be entitled to set off any Claim or Equity Interest against any Claim, right, or cause of action of the Debtors or the Investment Trust, as applicable, unless such Holder has filed a motion with the Bankruptcy Court requesting the authority to perform such setoff on or before the Confirmation Date, and notwithstanding any indication in any proof of claim or Equity Interest or otherwise that such Holder asserts, has, or intends to preserve any right of setoff pursuant to § 553 of the Bankruptcy Code or otherwise.
- (c) No payment or Distribution shall be made on account of any Claim, Investment Trust Shares, or Equity Interest where the Holder has any unresolved liability to the Debtors, the Estates, or the Investment Trust within the scope of Bankruptcy Code § 502(d), including, but not limited to, any actual or potential defendant with respect to any Cause of Action.
- (d) Except as provided in the Plan and/or the Confirmation Order, any Holder of Claim or Equity Interest shall not be entitled to recoup any Claim or Equity Interest against any Claim, right or cause of action of the Debtors, the Investment Trust, or the Reorganized Debtors, as applicable.

5. Potential Distribution in Excess of Allowed Amount of Claim.

Notwithstanding anything to the contrary contained in the Plan, Holders of Allowed Class 3 Claims may receive Distributions in excess of the Allowed amount of such Claims in the event the aggregate value of the Investment Trust Assets exceeds the aggregate value of all Allowed Class 3 Claims. Each Holder of an Allowed Class 3 Claim shall receive all Pro Rata Distributions resulting from the liquidation of the Investment Trust Assets, including any such Distributions in excess of their Allowed Class 3 Claims.

6. No Distributions on Late-Filed Claims.

Except as otherwise provided in a Final Order of the Bankruptcy Court, any Claim as to which a proof of Claim was required to be filed and was first filed after the applicable bar date in the Chapter 11 Cases, including, without limitation, the Bar Date and any bar date established in the Plan or in the Confirmation Order, shall automatically be deemed a late-filed Claim that will be deemed a Disallowed Claim in the Chapter 11 Cases, without the need for (a) any further action by the Debtors or (b) an order of the Bankruptcy Court. Nothing in this paragraph is intended to expand or modify the applicable bar dates or any orders of the Bankruptcy Court relating thereto.

K. ONGOING SERVICING OF POLICIES

1. Retention of Servicer.

- (a) On or before the Effective Date, the Servicing Company and the Investment Trust shall enter into the Servicing Agreement pursuant to which the Servicing Company will provide servicing for the Policies. Under the Servicing Agreement, the Servicing Company will, among other duties, (i) continue to optimize premiums on the Policies, (ii) continue to utilize cash surrender value and Premium Reserves to satisfy premium requirements on Policies to the extent available, and perform any act necessary to ensure the continuing viability of the Policies; and (iii) the other services required by the Plan and the Servicing Agreement.
- (b) The Servicing Agreement shall conform to the terms of the Plan, and to the extent that the Servicing Agreement is inconsistent with the Plan or the Confirmation Order, the terms of the Plan and the Confirmation Order shall govern. The Servicing Agreement will require that all services under the agreement shall be performed in compliance with all applicable laws, including without limitation life settlement regulations protecting the confidentiality of personal identifying information and personal identifying health information relating to the individuals whose lives are insured under the Policies. In addition, under the Investment Trust Agreement, the Investment Trustee will have authority to maintain basic services to be performed by, and servicing standards required of, the Servicing Company under the Servicing Agreement any time that the Servicing Agreement is amended or replaced, or assumed by any successor Servicing Company. The Servicing Agreement will be subject to termination by the Investment Trust for performance default by the Servicing Company. The Investment Trustee shall have the

right to inspect books and records of Servicing Company and interview employees of Servicing Company to ensure the Servicing Company is performing its duties under the Servicing Agreement and maintains adequate systems and controls to fulfill its duties.

2. *Servicing Fee; Other Deductions from Maturity Proceeds.*

From and after the Effective Date, the fee due to the Servicing Company for providing services under the Servicing Agreement will be as set forth in the Servicing Agreement.

3. *Reporting to Investment Trust.*

As more fully set forth in the Servicing Agreement, the Servicer shall provide periodic reporting with regard to the overall performance of the Policy portfolio, as reasonably requested from time to time by the Investment Trustee and the Investment Trust Board, for their use in discharging their respective duties under the Plan and the Investment Trust Agreement. It is expected that the reports will include at least the following: (a) an updated listing of all active and matured Policies, including the number of Policies and the status, cash value, policy loans, surrender value, and/or face amount of each Policy; (b) an estimate of future premium payments required per Policy and in the aggregate on the Policy Portfolio; (c) annual financial statements of the Servicer; and (d) a schedule of Policy premium payments made by policy and dates on which such premium payments were paid and when future payments are due; and (e) monthly cash flow projection for the coming year on an annual basis, based on life expectancy of the insureds, or more frequent if requested by the Investment Trustee. The Servicing Company will provide other reports, data and information that shall be reasonably requested by the Investment Trustee.

L. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

1. General Treatment: Rejected if not Previously Assumed. Except as provided for in Article 12.3 of the Plan, all executory contracts, including every Investment Contract, and unexpired leases to which any Debtor is a party shall be deemed rejected in accordance with the provisions and requirements of §§ 365 and 1123(b)(2) of the Bankruptcy Code as of the Effective Date, unless any such executory contract or unexpired lease: (i) has been previously assumed pursuant to a Final Order of the Bankruptcy Court; or (ii) is the subject of a motion to assume or reject pending as of Confirmation. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejections pursuant to §§ 365 and 1123(b)(2) of the Bankruptcy Code as of the Effective Date.

2. Waiver of Claims Based on Rejection of Executory Contracts. In full and final satisfaction, settlement, release, and discharge of, and in exchange for, treatment as a Class 3 Allowed Claim, each Holder of a Class 3 Allowed Claim (whether or not such Holder votes on the Plan), upon Confirmation of the Plan, shall be deemed to fully, completely, unconditionally, irrevocably, and forever release the Debtors, the Estates, the Reorganized Debtors, and the Investment Trust of and from any Claim, Causes of Action, debts, obligations, rights, suits, damages, actions, remedies, and liabilities whatsoever, whether known or unknown, resulting from or relating to the rejection of any executory contract, including any Investment

Contract, pursuant to the terms of the Plan .

3. Assumption of the Policies. Notwithstanding anything contained in the Plan to the contrary, unless specifically rejected by separate motion of the Debtors and approved by order of the Bankruptcy Court, all of the Debtors' Policies, insurance policies, and any agreements, documents or instruments relating thereto (exclusive of Investment Contracts, which will be rejected pursuant to Article 12.1), are treated as executory contracts under the Plan and will be assumed by the Debtors and assigned to the Investment Trust, effective as of the Effective Date. Nothing contained in this Section shall constitute or be deemed a waiver of any Cause of Action that the Debtors may hold against any Person or entity, including, without limitation, the insurer, under any of the Debtors' Policies of insurance.

M. PROCEDURES FOR RESOLVING AND TREATING DISPUTED CLAIMS

1. Objections to Claims; Prosecution of Disputed Claims. Before the Effective Date, the Debtors will be entitled to object to any Claim (in whole or in part) appearing on the Schedules, filed in the Chapter 11 Cases, or estimated by the Bankruptcy Court for voting purposes with respect to which the Debtors dispute liability in whole or in part. After the Effective Date, the Investment Trustee shall object to, or shall be substituted for the Estates for purposes of any pending objection to, the allowance of any Claim appearing on the Schedules, filed in the Chapter 11 Cases, or estimated by the Bankruptcy Court with respect to which the Investment Trustee disputes liability in whole or in part. All objections that are filed and prosecuted by the Debtors or the Investment Trustee, as the case may be, as provided herein shall be litigated to Final Order or settled.

2. Administration of Disputed Claims; Disputed Claims Reserve.

(a) *No Distribution of Disputed Claims.* Notwithstanding any other provision of the Plan, no Distribution shall be made with respect to any Disputed Claim unless and until such Disputed Claim becomes an Allowed Claim.

(b) *Estimates in Aid of the Plan.* In determining the amount of Distributions to be made hereunder to Holders of Allowed Claims, the appropriate Distributions required by the Plan shall be made according to estimates and subject to the provisions of the Plan. For purposes of effectuating the provisions of this section and the Distributions to Holders of Allowed Claims, the Bankruptcy Court may set, fix or liquidate the amount of Disputed Claims pursuant to § 502(c) of the Bankruptcy Code, in which event the amounts so fixed or liquidated will be deemed the amounts of the Disputed Claim for purposes of Distribution under the Plan . In lieu of fixing or liquidating the amount of any Disputed Claim, the Debtors or Investment Trustee, as the case may be, may request that the Bankruptcy Court determine the amount to be reserved for such Disputed Claim or such amount may be fixed by agreement in writing between the Debtors or Investment Trustee, as the case may be, and the Holder of a Disputed Claim.

(c) *Disputed Claims Reserve.* To protect the interests of Holders of Disputed Claims in Class 3, the Investment Trustee shall establish a Disputed Claims Reserve for such Disputed Claims in Class 3, only if all Disputed Claims have not been resolved by consent or the Bankruptcy Court, prior to a Distribution being made by the Investment Trust. The Disputed Claim Reserve is not required to be maintained in a separate account but instead may be a book entry maintained by the Investment Trustee. In the absence of an agreement or order estimating a Disputed Claim as set forth in Article 13.2(b), the amount of the Disputed Claim Reserve shall be equal to the amount of the Distribution that the Holder of such Disputed Claim would have received had such Disputed Claim been an Allowed Claim at the time of such Distribution.

(d) *Administration of Disputed Claims that Become Allowed Claims.* As soon as practicable after a Disputed Claim in Class 3 becomes an Allowed Claim, the Holder of such Allowed Claim shall receive from the Disputed Claims Reserve a Distribution in an amount equal to the Distribution that such Holder would have received had such Disputed Claim been an Allowed Claim upon a Distribution by the Investment Trust. Distributions to each Holder of a Disputed Claim in Class 3, to the extent that such Claim becomes an Allowed Claim, shall be made, without interest, in accordance with the treatment provided to Class 3 Claims.

(e) *Administration of Disallowed Claims.* When a Disputed Claim or any portion thereof becomes a Disallowed Claim, the amount of the Disputed Claim Reserve for such Holder of a Disallowed Claim may be released to the general Investment Trust funds, and available to the Investment Trust.

3. Disallowance or Expungement of Claims. Except as otherwise provided by order of the Bankruptcy Court, all Claims marked or otherwise scheduled as contingent, unliquidated, or disputed on the Bankruptcy Schedules and for which no proof of claim has been filed shall be deemed Disallowed Claims, and such Disallowed Claims shall be expunged as of the Effective Date without the necessity of filing a claim objection and without further notice to, or action, order or approval of the Bankruptcy Court.

4. Estimation. The Debtors, or following the Effective Date, the Investment Trustee may at any time request that the Bankruptcy Court estimate any contingent, unliquidated or Disputed Claim pursuant to § 502(c) of the Bankruptcy Code regardless of whether the Debtors previously objected to such Claim, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent, unliquidated or Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Debtors or the Investment

Trustee may pursue supplementary proceedings to object to the allowance of such Claim. All objection, estimation and Claim resolution procedures are intended to be cumulative and not exclusive of one another.

N. CONDITIONS PRECEDENT

1. Conditions Precedent to Effectiveness of Plan.

(a) The Effective Date of the Plan shall not occur unless and until the following conditions shall have been satisfied or waived by the Plan Proponents, as determined in their sole discretion: (a) the Bankruptcy Court shall have entered the Confirmation Order in form and substance acceptable to the Plan Proponents, and such Confirmation Order shall not have been appealed within fourteen (14) calendar days of entry or, if such Confirmation Order is appealed, shall not have been stayed pending appeal, and there shall not have been entered by any court of competent jurisdiction any reversal, modification or vacation, in whole or in part, of such Confirmation Order; (b) the Bankruptcy Court shall have approved the information contained in the Disclosure Statement as adequate pursuant to § 1125 of the Bankruptcy Code; (c) all documents, instruments and agreements provided for hereunder or necessary to implement the Plan shall have been executed and delivered by the parties thereto, including specifically the Exit Facility Document, unless such execution or delivery has been waived by the parties benefited thereby, in form and substance satisfactory to the Plan Proponents; (d) the Closing Date for the Exit Facility has occurred (e) there is sufficient available Cash of the Debtors to pay all Allowed Administrative Claims (including Allowed Professional Claims), Allowed Priority Claims and Allowed Priority Tax Claims, as applicable; and (f) no order of a court restraining the Debtors from consummating the Plan shall have been entered and shall remain in effect.

(b) The conditions precedent specified above may be waived in whole or in part by the Plan Proponents. Subject to the foregoing, any such written waiver of a condition precedent set forth in this Section may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan. Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action. If the Debtors decide that one of the foregoing conditions cannot be satisfied, and the occurrence of such condition is not waived in writing by the Debtors, then the Debtors shall file a notice of the failure of the Effective Date with the Bankruptcy Court, at which time the Plan and the Confirmation Order shall be deemed null and void.

2. Notice of Effective Date. On the Effective Date, the Debtors shall file a notice of the occurrence of the Effective Date with the Bankruptcy Court.

O. EFFECT OF CONFIRMATION OF PLAN

1. Binding Effect. Subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Plan shall bind the Debtors, the Reorganized Debtors, the Investment Trust, and any Holder of a Claim against, or Equity Interest in, the Debtors and such Holder's respective successors and assigns, whether or not the Claim or Equity Interest of such Holder is Impaired under the Plan and whether or not such Holder has accepted the Plan.

2. Discharge of Claims. Except as provided herein, the rights afforded in the Plan and the payments and Distributions to be made hereunder shall discharge all existing debts and Claims, of any kind, nature, or description whatsoever against or in the Debtors or any of their assets or properties to the fullest extent permitted by § 1141 of the Bankruptcy Code. Except as provided herein, upon the Effective Date, all existing Claims against the Debtors shall be discharged and terminated, and all Holders of Claims and Equity Interests shall be precluded and enjoined from asserting against the Reorganized Debtors or the Investment Trust, their respective successors or assignees, or any of their respective assets or properties, any other or further Claim or Equity Interest based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such Holder has filed a proof of claim or proof of equity interest, and whether or not the facts or legal bases therefore were known or existed prior to the Effective Date. Upon the Effective Date, all such persons shall be forever precluded and enjoined, pursuant to § 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or Equity Interest in the Debtors, the Reorganized Debtors, or the Investment Trust. Nothing in this Article 15.4 should be interpreted as a discharge of the Debtors' or Reorganized Debtors' rights or obligations under the Plan or of the obligations under the DIP Facility.

3. Discharge of the Debtors. Pursuant to § 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in the Confirmation Order, the Distributions and rights that are provided in the Plan will be in complete satisfaction, discharge, and release, of any and all Claims and Equity Interests except the DIP Facility, whether known or unknown, against the Debtors, the Investment Trust, or the Reorganized Debtors or any of their assets or properties, regardless of whether the property has been distributed or retained pursuant to the Plan and termination of all Equity Interests. Without limiting the generality of the foregoing, the Debtors, the Investment Trust, and the Reorganized Debtors will be discharged from any and all Claims and debts of the kind specified in §§ 502(g), 502(h) of 502(i) of the Bankruptcy Code, in each case whether or not (a) a proof of claim is filed or deemed filed under section 501 of the Bankruptcy Code, (b) a Claim is allowed under section 502 of the Bankruptcy Code, or (c) the Holder of such a Claim accepted the Plan. Except as otherwise provided in the Plan, the Confirmation Order shall be a judicial determination of discharge of all liabilities of the Debtors arising before the Effective Date, except the DIP Facility. Under § 524 of the Bankruptcy Code, the discharge granted under this section shall avoid any judgment against the Debtors at any time obtained (to the extent it relates to a discharged Claim), and operates as an injunction against the prosecution of any action against the Debtors or the Estates (to the extent such action relates to a discharged claim). Nothing in

this Section should be interpreted as a discharge of the Debtors' or Reorganized Debtor's rights or obligations under the Plan.

4. *Injunction.* Except for the DIP Lender and as otherwise expressly provided in the Plan, all Persons or Entities who have held, hold or may hold Claims or Equity Interests and all Persons who have held, hold or may hold claims or causes of action that have been subject to exculpation pursuant to Section 15.7 of the Plan ("Exculpation"), and all other parties in interest, along with their respective present or former employees, agents, officers, managers, directors, principals and Affiliates, are permanently enjoined, from and after the Effective Date, from (a) commencing, conducting or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Equity Interest, or such exculpated claim or cause of action, against the Debtors, the Reorganized Debtors, the Investment Trust, or the Exculpated Parties or any of their respective property or assets or any interest therein, (b) the enforcement, attachment, levying, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors, the Reorganized Debtors, Investment Trust, or the Exculpated Parties or any of their respective property or assets or any interest therein, (c) creating, perfecting, or enforcing any Lien or encumbrance of any kind against the Debtors, the Reorganized Debtors, the Investment Trust, or the Exculpated Parties or any of their respective property or assets or any interest therein, or (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors, the Reorganized Debtors, Investment Trust, or the Exculpated Parties or against any of their respective property or assets, or any interest therein, with respect to any such Claim or Equity Interest, or such released or exculpated claim or cause of action. Such injunction shall be included in the Confirmation Order and shall extend to any successors of the Debtors, the Reorganized Debtors, Investment Trust, and the Exculpated Parties and their respective properties and interest in properties except for the DIP Lender.

5. *Term of Bankruptcy Injunctions or Stays.* Unless otherwise provided, all injunctions or stays arising under or entered during the Chapter 11 Cases under § 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, other than injunctions issued pursuant to the Plan (including injunctions under Section 15.6 ("Injunction")), shall remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

6. *Injunction Against Interference With Plan of Reorganization.* Upon the entry of the Confirmation Order, all Holders of Claims and Equity Interests and other parties in interest, along with their respective present or former employees, agents, officers, managers, directors, principals and Affiliates shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan.

7. *Exculpation.*

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, AS OF THE EFFECTIVE DATE, THE EXCULPATED PARTIES SHALL NEITHER HAVE NOR INCUR ANY LIABILITY FOR ANY CLAIM, CAUSE OF ACTION OR OTHER ASSERTION OF LIABILITY FOR ANY ACT TAKEN OR OMITTED TO BE TAKEN SINCE THE PETITION DATE IN CONNECTION WITH, RELATED TO, OR OTHERWISE ARISING OUT OF, THE CHAPTER 11 CASES, THE FORMULATION, NEGOTIATION, PREPARATION, DISSEMINATION, IMPLEMENTATION, CONFIRMATION, CONSUMMATION, OR ADMINISTRATION OF THE PLAN, PROPERTY TO BE DISTRIBUTED UNDER THE PLAN, OR ANY OTHER ACT OR OMISSION IN CONNECTION WITH THE CHAPTER 11 CASES, THE PLAN, THE DISCLOSURE STATEMENT OR, IN EACH CASE, ANY CONTRACT, INSTRUMENT, DOCUMENT OR OTHER AGREEMENT RELATED THERETO, INCLUDING; PROVIDED, HOWEVER, THAT THE FOREGOING SHALL NOT AFFECT THE LIABILITY OF ANY PERSON THAT OTHERWISE WOULD RESULT FROM ANY SUCH ACT OR OMISSION TO THE EXTENT SUCH ACT OR OMISSION IS DETERMINED BY A FINAL ORDER OF A COURT OF COMPETENT JURISDICTION TO HAVE CONSTITUTED WILLFUL MISCONDUCT OR GROSS NEGLIGENCE; PROVIDED, FURTHER, THAT EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL CONCERNING ITS DUTIES PURSUANT TO, OR IN CONNECTION WITH, THE ABOVE REFERENCED DOCUMENTS, ACTIONS OR INACTIONS.

P. RETENTION OF JURISDICTION

1. Retention of Jurisdiction. Pursuant to §§ 1334 and 157 of title 28 of the United States Code, the Bankruptcy Court shall retain jurisdiction of all matters arising in, arising under, and related to the Chapter 11 Cases and the Plan, for the purposes of §§ 105(a) and 1142 of the Bankruptcy Code, and for, among other things, the following purposes:

- (a) to hear and to determine all controversies, disputes, and suits which may arise in connection with the execution, interpretation, implementation, consummation, or enforcement of the Plan, any documents related to the Plan, including but not limited to the Plan Documents, the Confirmation Order, the Investment Trust Agreement, the DIP Facility, the Exit Facility Documents, or in connection with the enforcement of any remedies made available hereunder;
- (b) to take any action and issue such orders as may be necessary to construe, enforce, implement, execute and consummate the Plan or to maintain the integrity of the Plan following consummation;
- (c) to enforce the terms of any settlement approved as a part of the Plan or otherwise in the Chapter 11 Cases;

- (d) to determine such other matters and for such other purposes as may be provided in the Confirmation Order;
- (e) to enter, enforce and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;
- (f) to issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any person with the consummation, implementation or enforcement of the Plan, the Confirmation Order or any other order of the Bankruptcy Court;
- (g) to hear and determine any application or motion to modify the Plan in accordance with § 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;
- (h) to recover all property of the Estates, wherever located, which jurisdiction shall not be limited;
- (i) to hear and to determine any and all objections to or applications concerning the allowance of Claims or Equity Interests or the allowance, classification, priority, compromise, estimation, or payment of any Claim or Equity Interest;
- (j) to hear and determine any objections to the allowance of Claims or Equity Interests arising prior to the Effective Date, whether filed, asserted, or made before or after the Effective Date, including, without express or implied limitation, to hear and determine any objections to the classification, priority, compromise, estimation, or payment of any Claim or Equity Interest in whole or in part;
- (k) to liquidate any Disputed, contingent, or Unliquidated Claims or to estimate any Disputed Claims;
- (l) to hear and determine all motions or applications pending on the Confirmation Date for the rejection, assumption, or assumption and assignment of unexpired leases and executory contracts to which any Debtor is a party or with respect to which any Debtor may be liable, and the allowance of Claims resulting therefrom or from the expiration or termination prior to the Confirmation Date of any executory contract or unexpired lease;
- (m) to hear and determine any disputes relating to the Distributions to Holders of Allowed Claims as provided herein;

- (n) to hear and determine all applications for allowances of compensation and reimbursement of expenses of Professional Claims and any other fees and expenses authorized to be paid or reimbursed under the Plan;
- (o) to hear and determine any and all motions for the use, sale or lease of property pursuant to § 363 of the Bankruptcy Code and all issues related thereto, which transactions completed after the Confirmation Date shall be deemed to have been made pursuant to the Plan and therefore, exempt from recording and other taxes under § 1146 of the Bankruptcy Code
- (p) to hear and determine any and all adversary proceedings, applications, motions, and contested or litigated matters, including the Causes of Action, and any other litigated matter, as well as any remands from any appeals, that may be pending on the Effective Date or that, pursuant to the Plan, may be instituted by the Investment Trustee after the Effective Date, including, without express or implied limitation, any claims to avoid any preferences, fraudulent transfers, or other voidable transfers, or otherwise to recover assets for the benefit of the Investment Trust, as successor to the Debtors' estates;
- (q) to enable the Investment Trustee to prosecute any and all Causes of Action, including proceedings which may be brought to set aside Liens or encumbrances and to recover any transfers, assets, properties or damages to which the Investment Trust may be entitled under applicable provisions of the Plan, the Bankruptcy Code or any federal, state or local laws, including controversies, disputes and conflicts between the Debtors and any other party, including but not limited to any objections to Claims, motions for subordination on any grounds and claims preserved hereunder and pursuant to the Confirmation Order;
- (r) to the extent that Bankruptcy Court approval is required, to consider and act on the compromise and settlement of any Claim or cause of action by or against any Debtors' Estate;
- (s) to hear and determine matters concerning state, local, and federal taxes, fines, penalties, or additions to taxes for which the Debtors, as Debtors or Debtors in Possession or the Investment Trust, may be liable, directly or indirectly, in accordance with §§ 346, 505, and 1146 of the Bankruptcy Code (including any request for expedited determination under § 505(b)(2) of the Bankruptcy Code);
- (t) to enter, enforce and implement such orders (including orders entered prior to the Confirmation Date) as may be necessary or appropriate to execute, interpret, implement, consummate or enforce the terms and conditions of the Plan and the transactions contemplated hereunder;
- (u) to issue such orders in aid of execution of the Plan to the extent authorized or contemplated by § 1142 of the Bankruptcy Code;

- (v) to hear and to determine any other matter not inconsistent with the Bankruptcy Code and title 28 of the United States Code that may arise in connection with or related to the Plan; and
- (w) to enter a final decree closing any and all of the Chapter 11 Cases; and
- (x) to hear and determine any matters concerning the Investment Trust Board.

2. Abstention and Other Courts. If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of or relating to the Chapter 11 Cases, Article XV of the Plan (“Retention of Jurisdiction”) shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

Q. MISCELLANEOUS PROVISIONS

1. Modification of the Plan. The Plan may be altered, amended or modified by the Plan Proponents, before or after the Confirmation Date, as provided in § 1127 of the Bankruptcy Code; provided, however, that no such alterations, amendments or modifications that are material shall be made without the consent of the Investment Trust, the Exit Lender, or the Plan Proponents, as the case may be; provided further, however that the Plan Proponents or the Investment Trustee may, with the approval of the Bankruptcy Court and without notice to Holders of Claims and Equity Interests, correct any nonmaterial defect, omission, or inconsistency herein in such manner and to such extent as may be necessary or desirable. A Holder of an Allowed Claim that has accepted the Plan shall be deemed to have accepted the Plan as modified if the proposed modification does not materially and adversely change the treatment of the Claim of such Holder.

2. Rights of Action. Any rights, claims, or causes of action accruing to the Debtors pursuant to the Bankruptcy Code or pursuant to any statute or legal theory, and any rights to, claims or causes of action for recovery under any policies of insurance issued to or on behalf of the Debtors shall remain assets of the Debtors’ Estates and, on the Effective Date, shall be transferred to the Investment Trust, as provided in the Plan.

3. Notices. Any notice required or permitted to be provided hereunder shall be in writing and served by either (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery, or (c) prepaid overnight delivery service and addressed as follows:

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4. Severability. If, prior to the entry of the Confirmation Order, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Plan Proponents, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, unless agreed otherwise by the Plan Proponents, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

5. Governing Law. Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of the State of Florida, without giving effect to the conflicts of laws principles thereof, shall govern the construction of the Plan and any agreements, documents, and instruments executed in connection with the Plan, except as otherwise expressly provided in such instruments, agreements or documents.

6. Plan Documents. All Plan Documents, including, but not limited to the exhibits and schedules to the Plan, the Plan Supplement and the schedules and exhibits to the Plan Supplement, are incorporated into and are a part of the Plan as set forth in full herein.

7. Compliance with Tax Requirements. In connection with the Plan, the Debtors, the Investment Trust, and the Reorganized Debtors will comply with all withholding and reporting requirements imposed by federal, state and local taxing authorities, and all Distributions hereunder shall be subject to such withholding and reporting requirements.

8. Expedited Determination of Postpetition Taxes. The Debtors, the Investment Trust, and the Reorganized Debtors are authorized (but not required) to request an expedited determination of taxes under § 505(b) of the Bankruptcy Code for all tax returns filed for, or on behalf of, the Debtors for all taxable periods (or portions thereof) from the Petition Date through (and including) the Effective Date.

9. Sections 1125 and 1126 of the Bankruptcy Code. As of and subject to the occurrence of the Confirmation Date: (a) the Plan Proponents shall be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including without limitation, §§ 1125(a) and (e) of the Bankruptcy Code, and any applicable non-bankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with such solicitation; and (b) the Plan Proponents, and each of their respective Affiliates, agents, directors, managers, officers, employees, advisors, and attorneys shall be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of any securities under the Plan, and therefore are not, and on account of such offer, issuance, and solicitation will not be, liable at any time for any violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or the offer and issuance of any securities under the Plan.

10. Headings. The headings used in the Plan are inserted for convenience only and neither constitute a portion of the Plan nor in any manner affect the construction of the provisions of the Plan.

11. Binding Effect. Upon the entry of the Confirmation Order, all provisions of the Plan shall be binding upon, and shall inure to the benefit of, the Debtors, the Reorganized Debtors, the Holders of Claims and Equity Interests, the DIP Lender, and such Persons' respective successors and assigns.

12. No Res Judicata Effect. Notwithstanding anything to the contrary herein or in the Disclosure Statement, the provisions of the Disclosure Statement and the Plan that permit the Plan Proponents, the Investment Trust or Reorganized Debtors to enter into settlements and compromises of any Cause of Action, shall not have, and are not intended to have, any res judicata or collateral estoppel effect with respect to any Cause of Action, as the case may be, that are not otherwise treated hereunder and shall not be deemed a bar to asserting such Cause of Action, regardless of whether or to what extent such Cause of Action are specifically described herein or Disclosure Statement relating hereto. Unless any of the Causes of Action are expressly waived, relinquished, exculpated, released, compromised or settled herein or by Final Order of the Bankruptcy Court, all such Causes of Action are expressly reserved and preserved for later adjudication and, therefore, no preclusion doctrine, including without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches shall apply to such Causes of Action upon or after Confirmation or consummation of the Plan. Furthermore, notwithstanding

any provision or interpretation to the contrary, nothing herein or the Confirmation Order, including the entry thereof, shall be deemed to constitute a release, waiver, impediment, relinquishment or bar, in whole or in part, of or to any recovery rights or any other claim, right or cause of action possessed by the Debtors prior to the Effective Date.

13. *Bankruptcy Rule 9019 Request; Impact.* The Plan, including the Plan Supplement or other Plan Document, may provide for one or more compromises or settlements. Pursuant to Bankruptcy Rule 9019, the Plan Proponents hereby request approval of all compromises and settlements included in the Plan, and entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of any such compromise or settlement.

14. *Cramdown.* Article 17.14 of the Plan, along with other requests therein, shall constitute the Plan Proponents' request, pursuant to § 1129(b)(1) of the Bankruptcy Code, that the Bankruptcy Court confirm the Plan notwithstanding the fact that the requirements of § 1129(a)(8) of the Bankruptcy Code may not be met.

15. *Successors and Assigns.* The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, the heirs, executors, administrators, successors and/or assigns of such Person.

16. *Extension of the Effective Date.* Through a notice with the Court, the Effective Date may be extended by the mutual consent of the Plan Proponents.

V. RISK FACTORS IN CONNECTION WITH THE PLAN

A. Bankruptcy Considerations

Although the Plan Proponents collectively believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will confirm the Plan as proposed. Moreover, there can be no assurance that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate the re-solicitation of votes.

The occurrence of the Effective Date of the Plan is conditioned upon the satisfaction (or waiver) of the conditions precedent set forth in Article 14.1 of the Plan, and there can be no assurance that such conditions will be satisfied or waived. If the conditions precedent described in Article 14.1 of the Plan have not been satisfied or waived by the Debtors, the Investment Trust, the Investment Trustee, the Plan Proponents, or other applicable parties (as provided for in the Plan) as of the Effective Date, then the Confirmation Order will be vacated, no distributions will be made pursuant to the Plan, and each of the Plan Proponents and all Holders of Claims and Equity Interests will be restored to the *status quo ante* as of the day immediately preceding the

Confirmation Date as though the Confirmation Date never occurred.

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Plan Proponents believe that the classification of Claims and Equity Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because each Class of Claims and Equity Interests encompass Claims or Equity Interests, as applicable, that are substantially similar to the other Claims and Equity Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

B. NO DUTY TO UPDATE DISCLOSURES

The statements contained in this Disclosure Statement are made by the Debtors as of the date of this Disclosure Statement, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Debtors have no duty to update this Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court

C. REPRESENTATIONS OUTSIDE THIS DISCLOSURE STATEMENT.

No representations concerning or related to the Debtors, the Chapter 11 Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement should not be relied upon by you in arriving at your decision.

D. FINANCIAL PROJECTIONS ARE NOT ASSURED, ACTUAL RESULTS.

The estimated Claims and creditor recoveries set forth in this Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary from the estimated Claims contained in this Disclosure Statement. Moreover, the Debtors cannot determine with any certainty at this time, the number or amount of Claims that will ultimately be Allowed. Such difference may materially and adversely affect, among other things, the percentage recoveries to Holders of Allowed Claims under the Plan and/or the Investment Trust Agreement.

E. THE DEBTORS MAY NOT BE ABLE TO ACHIEVE THEIR PROJECTED RESULTS.

The financial projections set forth on Exhibit 3 to this Disclosure Statement represent the best estimate of the future financial performance of the Investment Trust based on currently known facts and assumptions about future operations, life expectancies of insureds underlying the Policies, and other actuarial data. The actual financial results may differ significantly from the projections.

F. TAX AND OTHER RELATED CONSIDERATIONS.

A discussion of potential tax consequences of the Plan is provided herein; however, the content of this Disclosure Statement is not intended and should not be construed as tax, legal, business or other professional advice. Holders of Claims and/or Equity Interests should seek advice from their own independent tax, legal or other professional advisors based on their own individual circumstances.

VI. PLAN CONFIRMATION AND CONSUMMATION

A. PLAN CONFIRMATION REQUIREMENTS GENERALLY

In order for the Plan to be confirmed, the Bankruptcy Code requires that the Bankruptcy Court determine that the Plan complies with the technical requirements of chapter 11 of the Bankruptcy Code and that the disclosures concerning the Plan have been adequate and have included information concerning all payments made or promised in connection with the Plan and these Chapter 11 Cases. The Bankruptcy Code also requires that: (1) the Plan be accepted by the requisite votes of Creditors except to the extent that confirmation despite dissent is available under Bankruptcy Code section 1129(b); (2) the Plan is feasible (that is, there is a reasonable probability that the Debtors will be able to perform their obligations under the Plan without needing further financial reorganization not contemplated by the Plan); and (3) the Plan is in the “best interests” of all Creditors (that is, Creditors will receive at least as much under the Plan as they would receive in a hypothetical liquidation case under chapter 7 of the Bankruptcy Code). To confirm the Plan, the Bankruptcy Court must find that all of the above conditions are met, unless the applicable provisions of Bankruptcy Code section 1129(b) are employed to confirm the Plan, subject to satisfying certain conditions, over the dissent or deemed rejections of Classes of Claims.

1. *Best Interests of Creditors and Debtors’ Liquidation Analysis.*

Pursuant to section 1129(a)(7) of the Bankruptcy Code, confirmation requires that, with respect to each Class of Impaired claims or equity interests, each holder of a claim or equity interest in such class either (a) accept the Plan or (b) receive or retain under the Plan, on account of such Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on such date under chapter 7 of the Bankruptcy Code (this latter clause is often called the “Best Interests Test”).

To determine the probable distribution to Holders of Claims and Equity Interests in each Impaired Class if the Debtors were liquidated under chapter 7 of the Bankruptcy Code, the Bankruptcy Court must determine the dollar amount that would be generated from the liquidation of the Debtors’ assets and properties in the context of a chapter 7 liquidation.

The Debtors, with the assistance of their professionals, have prepared the Liquidation Analysis attached hereto as **Exhibit 4**. The Liquidation Analysis is based upon a hypothetical liquidation in a chapter 7 case. In preparing the Liquidation Analysis, the Debtors have taken into account the nature, status and underlying value of their assets, the ultimate realizable value of their assets, and the extent to which such assets are subject to liens and security interests. In addition, the Liquidation Analysis also reflects the required time and resources necessary to

effectuate an orderly wind down of the Estates. The Liquidation Analysis provides an estimate of the Cash on hand in the Estates as of the expected Effective Date of the Plan.

The Debtors' liquidation value would consist primarily of the unencumbered and unrestricted Cash held by the Debtors at the time of the conversion to a chapter 7 liquidation and the proceeds resulting from the sale of the Debtors' remaining unencumbered assets and properties by a chapter 7 trustee. The gross Cash available for distribution would be reduced by satisfaction of the DIP Claims, the costs and expenses of the chapter 7 liquidation, and any additional administrative claims that might arise as a result of the chapter 7 cases. Costs and expenses incurred as a result of the chapter 7 liquidation would further include, among other things, the fees payable to a trustee in bankruptcy and the fees payable to attorneys and other professionals engaged by such trustee. Additional administrative claims could arise by reason of the breach or rejection of obligations incurred and leases and executory contracts assumed or entered into by the Debtors during the pendency of the Chapter 11 Cases. Such Administrative Claims and Other Administrative Claims that might arise in a liquidation case or result from the pending Chapter 11 Cases, such as compensation for attorneys, financial advisors and accountants, would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay prepetition claims.

To determine if the Plan is in the best interests of each Impaired Class, the value of the distributions from the proceeds of a liquidation of the Debtors' unencumbered assets and properties, after subtracting the amounts attributable to the costs, expenses and Administrative Claims associated with a chapter 7 liquidation, must be compared with the value offered to such Impaired Classes under the Plan. If the hypothetical liquidation distribution to Holders of Claims or Equity Interests in any Impaired Class is greater than the distributions to be received by such parties under the Plan, then the Plan is not in the best interests of the Holders of Claims or Equity Interests in such Impaired Class.

Amounts that a Holder of Claims and Equity Interests in Impaired Classes would receive in a hypothetical chapter 7 liquidation are discussed in the liquidation analysis of the Debtors prepared by the Debtors' management with the assistance of its advisors (the "Liquidation Analysis"). As described in the Liquidation Analysis, underlying the analysis are a number of estimates and assumptions that, although developed and considered reasonable by the Debtors' management and advisors, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtors and their management. The Liquidation Analysis is based on assumptions with regard to liquidation decisions that are subject to change. Accordingly, the values reflected in the Liquidation Analysis might not be realized if the Debtors were, in fact, to undergo a liquidation.

This Liquidation Analysis is solely for the purposes of (i) providing "adequate information" under section 1125 of the Bankruptcy Code to enable the Holders of Claims and Equity Interests entitled to vote under the Plan to make an informed judgment about the Plan and (ii) providing the Bankruptcy Court with appropriate support for the satisfaction of the "Best Interests Test" pursuant to section 1129(a)(7) of the Bankruptcy Code, and should not be used or relied upon for any other purpose.

The Plan Proponents believe that the Investment Trust paradigm provided for by the Plan satisfies the Best Interests Test for the Impaired Class under the Plan. Based upon the foregoing Liquidation Analysis, the Plan Proponents believe that liquidation under chapter 7 would result in substantially smaller distributions, if any, being made to Creditors than those provided for in the Plan because of (a) the likelihood that other assets of the Debtors would have to be sold or otherwise disposed of in a less orderly fashion; (b) additional administrative expenses attendant to the appointment of a trustee and the trustee's employment of attorneys and other professionals, (c) additional expenses and Claims, some of which would be entitled to priority, which would be generated during the liquidation, and (d) the substantially discounted auction value of the Policies. In the opinion of the Plan Proponents, the recoveries projected to be available in a chapter 7 liquidation are not likely to afford the Holders of Claims nearly as great a realization potential as afforded to them under the Plan.

Accordingly, the Plan Proponents believe that in a chapter 7 liquidation, Holders of Claims would receive less than such Holders would receive under the Plan. There can be no assurance, however, as to values that would actually be realized in a chapter 7 liquidation, nor can there be any assurance that a Bankruptcy Court would accept the Plan Proponents' conclusions or concur with such assumptions in making its determinations under section 1129(a)(7) of the Bankruptcy Code.

2. Feasibility of the Plan.

Pursuant to section 1129(a)(11) of the Bankruptcy Code, a debtor must demonstrate that a bankruptcy court's confirmation of a plan is not likely to be followed by the liquidation or need for further financial reorganization of the debtor or its successor under the plan, unless such liquidation or reorganization is proposed under the plan. Pursuant to the Plan, and with the exception of the Reorganized Debtor Assets, the Investment Trustee shall be vested with the Debtors' remaining assets for liquidating and Distributions in accordance with the Plan and Investment Trust Agreement. Therefore, the Plan Proponents believe the Bankruptcy Court's confirmation of the Plan is not likely to be followed by liquidation or the need for any further reorganization.

3. Acceptance by Impaired Classes.

The Bankruptcy Code requires, as a condition to confirmation, that, except as described below, each class of claims or equity interests that is impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. As a general matter under the Bankruptcy Code, a class is "impaired," unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest; (b) cures any default and reinstates the original terms of such claim or equity interest; or (c) provides that, on the consummation date, the holder of such claim or equity interest receives cash equal to the allowed amount of that claim or, with respect to any equity interest, any fixed liquidation preference to which the holder of such equity interest is entitled to any fixed price at which the debtor may redeem the security.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by Holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds (2/3) in amount and a majority in number actually voting cast their ballots in favor of acceptance. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

Any Class of Claims that is not occupied as of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018 shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code. If no votes to accept or reject the Plan are received with respect to a Class whose votes have been solicited under the Plan (other than a Class that is deemed eliminated under the Plan), such Class shall be deemed to have voted to accept the Plan.

4. *Section 1129(b)*

The Bankruptcy Code permits confirmation of a plan even if it is not accepted by all impaired classes, as long as (a) the plan otherwise satisfies the requirements for confirmation, (b) at least one impaired class of claims has accepted it without taking into consideration the votes of any insiders in such class, and (c) the plan is “fair and equitable” and does not “discriminate unfairly” as to any impaired class that has not accepted the plan. These so called “cramdown” provisions are set forth in section 1129(b) of the Bankruptcy Code.

The “no unfair discrimination” test requires that the plan not provide for unfair treatment with respect to classes of claims or interests that are of equal priority, but are receiving different treatment under the plan.

The fair and equitable requirement applies to classes of claims of different priority and status, such as secured versus unsecured. The plan satisfies the fair and equitable requirement if no class of claims receives more than 100% of the allowed amount of the claims in such class. Further, if a class of claims is considered a dissenting class (a “Dissenting Class”), i.e., a Class of Claims that is deemed to reject the Plan because the required majorities in amount and number of votes is not received from the Class, the following requirements apply: (a) with respect to secured claims, each holder of an impaired secured claim either (i) retains its liens on the subject property, to the extent of the allowed amount of its secured claim and receives deferred cash payments having a value, as of the effective date of the plan, of at least the allowed amount of such claim, (ii) has the right to credit bid the amount of its claim if its property is sold and retains its liens on the proceeds of the sale (or if sold, on the proceeds thereof), or (iii) receives the “indubitable equivalent” of its allowed secured claim; (b) with respect to Holders of unsecured claims, either (i) each holder of an impaired unsecured claim receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the Holders of claims and interests that are junior to the claims of the Dissenting Class will not receive any property under the plan; (c) with respect to Equity Interests, either (i) each

interest holder will receive or retain under the plan property of a value equal to the greater of (a) the fixed liquidation preference or redemption price, if any, of such stock and (b) the value of the stock, or (ii) the Holders of interests that are junior to the interests of the Dissenting Class will not receive any property under the plan

The Plan Proponents believe the Plan does not “discriminate unfairly” and will satisfy the “fair and equitable” requirement notwithstanding that certain Classes of Claims and Equity Interests are deemed to reject the Plan because no Class that is junior to such Class will receive or retain any property on account of the Claims and Equity Interests in such Class and the Plan does not provide for unfair treatment with respect to Classes of Claims or Equity Interests that are of equal priority.

VII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Chapter 7 Liquidation.

If a plan pursuant to chapter 11 of the Bankruptcy Code is not confirmed by the Bankruptcy Court, the Debtors’ Chapter 11 Cases may be converted to liquidation cases under chapter 7 of the Bankruptcy Code, in which a trustee would be elected or appointed, pursuant to applicable provisions of chapter 7 of the Bankruptcy Code, to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code.

The Debtors believe that such a liquidation would result in a considerably smaller distributions being made to the Debtors’ Creditors than those provided for in the Plan because (a) the Policies would be liquidated for a severely reduced auction amount, (b) the likelihood that other assets of the Debtors would have to be sold or otherwise disposed of in a less orderly fashion, (c) additional administrative expenses attendant to the appointment of a trustee and the trustee’s employment of attorneys and other professionals, (d) additional expenses and Claims, some of which would be entitled to priority, which would be generated during the liquidation and from the rejection of leases and other executory contracts in connection with a cessation of the Debtors’ operations. The Plan Proponents have found that confirmation of the Plan will provide each holder of an Allowed Claim with a recovery that is not less than such holder would receive pursuant to liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

B. Alternative Plan Pursuant to Chapter 11 of the Bankruptcy Code.

If the Plan is not confirmed, the Plan Proponents may propose a different plan, which might involve an alternative means for the reorganization or liquidation of the Debtors’ Assets. However, the Plan Proponents believe that the terms of the Plan provide for an orderly and efficient liquidation of the Debtors’ assets and will result in the realization of the most value for Holders of Claims against the Debtors’ Estates.

VIII. CERTAIN FEDERAL TAX CONSEQUENCES

THE FOLLOWING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL TAX CONSEQUENCES OF THE PLAN AND IS NOT A

SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE FOLLOWING DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S PARTICULAR CIRCUMSTANCES.

ACCORDINGLY, EACH HOLDER IS STRONGLY URGED TO CONSULT ITS TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND APPLICABLE NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

TO COMPLY WITH INTERNAL REVENUE SERVICE CIRCULAR 230, TAXPAYERS ARE HEREBY NOTIFIED THAT (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A TAXPAYER UNDER THE INTERNAL REVENUE CODE, (B) ANY SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN, AND (C) TAXPAYERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. General

The following discussion summarizes certain material U.S. federal income tax consequences to the Debtors, the Investment Trust and Holders entitled to vote on the Plan. This discussion is based on current provisions of the Internal Revenue Code of 1986, as amended (the "IRC"), applicable treasury regulations, judicial authority and current administrative rulings and pronouncements of the Internal Revenue Service (the "Service"). There can be no assurance that the Service will not take a contrary view, no ruling from the Service has been or will be sought nor will any counsel provide a legal opinion as to any of the expected tax consequences set forth below.

Legislative, judicial or administrative changes or interpretations may be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may or may not be retroactive and could affect the tax consequences to Holders of Claims, the Investment Trust or the Debtors. It cannot be predicted at this time whether any tax legislation will be enacted or, if enacted, whether any tax law changes contained therein would affect the tax consequences described herein.

The following summary is for general information only. The tax treatment of a holder may vary depending upon such holder's particular situation. This summary does not address all of the tax consequences that may be relevant to a holder, including any alternative minimum tax consequences and does not address the tax consequences to a holder that has made an agreement to resolve its claim in a manner not explicitly provided for in the Plan. This summary also does not address the U.S. federal income tax consequences to persons not entitled to vote on the Plan or Holders subject to special treatment under the U.S. federal income tax laws, such as brokers or

dealers in securities or currencies, certain securities traders, tax-exempt entities, financial institutions, insurance companies, foreign persons, partnerships and other pass-through entities, Holders that have a “functional currency” other than the United States dollar and Holders that have acquired Claims in connection with the performance of services. The following summary assumes that the Claims are held by Holders as “capital assets” within the meaning of Section 1221 of the IRC and that all Claims denominated as indebtedness are properly treated as debt for U.S. federal income tax purposes.

The tax treatment of Holders and the character, amount and timing of income, gain or loss recognized as a consequence of the Plan and the distributions provided for by the Plan may vary, depending upon, among other things: (i) whether the Claim (or portion thereof) constitutes a Claim for principal or interest; (ii) the type of consideration received by the holder in exchange for the Claim and whether the holder receives Distributions under the Plan in more than one taxable year; (iii) whether the holder is a citizen or resident of the United States for tax purposes, is otherwise subject to U.S. federal income tax on a net basis, or falls into any special class of taxpayers, such as those that are excluded from this discussion as noted above; (iv) the manner in which the holder acquired the Claim; (v) the length of time that the Claim has been held; (vi) whether the Claim was acquired at a discount; (vii) whether the holder has taken a bad debt deduction with respect to the Claim (or any portion thereof) in the current or prior years; (viii) whether the holder has previously included in income accrued but unpaid interest with respect to the Claim; (ix) the method of tax accounting of the holder; (x) whether the Claim is an installment obligation for U.S. federal income tax purposes; and (xi) whether the “market discount” rules are applicable to the holder. Therefore, each holder should consult its tax advisor for information that may be relevant to its particular situation and circumstances, and the particular tax consequences to such holder of the transactions contemplated by the Plan.

B. U.S. Federal Income Tax Treatment With Respect to the Investment Trust.

It is intended that the Investment Trust will be treated as a “grantor trust” for U.S. federal income tax purposes. In general, a grantor trust is not a separate taxable entity. The Service, in Revenue Procedure 94-45, 1994-2 C.B. 684, set forth the general criteria for obtaining an advanced ruling as to the grantor trust status of an Investment Trust under a chapter 11 plan. The Debtors are not requesting a private letter ruling regarding the status of the Investment Trust as a grantor trust. Consistent with the requirements of Revenue Procedure 94-45, however, the Investment Trust Agreement requires all relevant parties to treat, for federal income tax purposes, the transfer of the Debtors’ Assets to the Investment Trust as (i) a transfer of such assets to the Trust Beneficiaries of the Investment Trust (to the extent of the value of their respective interests in the applicable Investment Trust Assets) followed by (ii) a transfer of such assets by such Trust Beneficiaries to the Investment Trust (to the extent of the value of their respective interests in the applicable Investment Trust Assets), with the Trust Beneficiaries of the Investment Trust being treated as the grantors and owners of the Investment Trust. Each Trust Beneficiary of the Investment Trust will generally recognize gain (or loss) in its taxable year that includes the Effective Date in an amount equal to the difference between the amount realized in respect of its Claim and its adjusted tax basis in such Claim. The amount realized for this purpose should generally equal the amount of cash and the fair market value of any other assets received or deemed received for U.S. federal income tax purposes under the Plan in respect of such holder’s Claim. A holder that is deemed to receive for U.S. federal income tax purposes a

non-cash asset under the Plan in respect of its Claim should generally have a tax basis in such asset in an amount equal to the fair market value of such asset on the date of its deemed receipt.

The Plan and the Investment Trust Agreement generally provide that the Trust Beneficiaries of the Investment Trust must value the assets of the Investment Trust consistently with the values determined by the Investment Trustee for all U.S. federal, state, and local income tax purposes. As soon as possible after the Effective Date, the Investment Trustee shall make a good faith valuation of the assets transferred to the Investment Trust.

Consistent with the treatment of the Investment Trust as a grantor trust, the Investment Trust Agreement and the Plan will require each holder to report on its U.S. federal income tax return its allocable share of the Investment Trust's income. Therefore, a holder may incur a U.S. federal income tax liability with respect to its allocable share of the income of the Investment Trust whether or not the Investment Trust has made any distributions to such holder. The character of items of income, gain, deduction, and credit to any holder and the ability of such holder to benefit from any deduction or losses will depend on the particular situation of such holder.

In general, a distribution of underlying assets from the Investment Trust to a Trust Beneficiary thereof may not be taxable to such holder because such Holders are already regarded for U.S. federal income tax purposes as owning such assets. Holders are urged to consult their tax advisors regarding the appropriate U.S. federal income tax treatment of distributions from the Investment Trust.

The Investment Trustee will file with the Service tax returns for the Investment Trust as a grantor trust pursuant to Treasury Regulation Section 1.671-4(a) and will also send to each holder a separate statement setting forth such holder's share of items of Investment Trust income, gain, loss, deduction, or credit. Each such holder will be required to report such items on its U.S. federal income tax return. The discussion above assumes that the Investment Trust will be respected as a grantor trust for U.S. federal income tax purposes. If the Service were to successfully challenge such classification, the U.S. federal income tax consequences to the Investment Trust and the Trust Beneficiaries of the Investment Trust could differ materially from those discussed herein (including the potential for an entity level tax to be imposed on all income of the Investment Trust).

C. U.S. Federal Income Tax Treatment With Respect to Holders of Allowed Claims that are Beneficiaries of the Investment Trust

Holders of Allowed Claims as of the Effective Date that are Beneficiaries of the Investment Trust should be treated as receiving from the Debtors their respective shares of the applicable assets of the Investment Trust in satisfaction of their Allowed Claims, and simultaneously transferring such assets to the Investment Trust. Accordingly, a holder of such Claim should generally recognize gain or loss in an amount equal to the amount deemed realized on the Effective Date (as described above) less its adjusted tax basis of its Claim. Additionally, such Holders should generally recognize their allocable share of income, gain, loss and deductions recognized by the Investment Trust on an annual basis.

Because a holder's ultimate share of the assets of the Investment Trust based on its Allowed

Claim will not be determinable on the Effective Date due to, among other things, the existence of Disputed Claims and the value of the assets at the time of actual receipt not being ascertainable on the Effective Date, such holder should recognize additional or offsetting gain or loss if, and to the extent that, the aggregate amount of cash and fair market value of the assets of the Investment Trust ultimately received by such holder is greater than or less than the amount used in initially determining gain or loss in accordance with the procedures described in the preceding paragraph. It is unclear when a holder of an Allowed Claim that is a Trust Beneficiary of the Investment Trust should recognize, as an additional amount received for purposes of computing gain or loss, an amount attributable to the disallowance of Disputed Claim.

The character of any gain or loss as capital gain or loss or ordinary income or loss and, in the case of capital gain or loss, as short-term or long-term, will depend on a number of factors, including: (i) the nature and origin of the Claim; (ii) the tax status of the holder of the Claim; (iii) whether the Claim has been held for more than one year; (iv) the extent to which the holder previously claimed a loss or bad debt deduction with respect to the Claim; and (v) whether the Claim was acquired at a market discount. A holder that purchased its Claim from a prior holder at a market discount may be subject to the market discount rules of the IRC. Under those rules (subject to a de minimis exception), assuming that such holder has made no election to accrue the market discount and include it in income on a current basis, any gain recognized on the exchange of such Claim generally would be characterized as ordinary income to the extent of the accrued market discount on such Claim as of the date of the exchange.

It is possible that the Service may assert that any loss should not be recognizable until the Investment Trustee makes its final distribution of the assets of the Investment Trust. Holders should consult their tax advisors regarding the possibility that the recognition of gain or loss may be deferred until the final distribution of the assets of the Investment Trust.

Although not free from doubt, holder of Disputed Claims should not recognize any gain or loss on the date that the Investment Trust Assets are transferred to the Investment Trust, but should recognize gain or loss in an amount equal to: (i) the amount of cash and the fair market value of any other property actually distributed to such holder less (ii) the adjusted tax basis of its Claim. It is possible, however, that such Holders may be required to recognize the fair market value of such holder's allocable share of the Investment Trust Assets, as an amount received for purposes of computing gain or loss, either on the Effective Date or the date such holder's Claim becomes an Allowed Claim.

Holders of Allowed Claims will be treated as receiving a payment of interest (includible in income in accordance with the holder's method of accounting for tax purposes) to the extent that any cash or other property received (or deemed received) pursuant to the Plan is attributable to accrued but unpaid interest, if any, on such Allowed Claims. The extent to which the receipt of cash or other property should be attributable to accrued but unpaid interest is unclear. Each holder should consult its tax advisor regarding the determination of the amount of consideration received under the Plan that is attributable to interest (if any). A holder generally will be entitled to recognize a loss to the extent any accrued interest was previously included in its gross income and is not paid in full.

IX. RECOMMENDATION AND CONCLUSION

The Plan Proponents believe that confirmation and consummation of the Plan are in the best interests of the Debtors, their Estates and their creditors. The Plan provides for an equitable distribution to Holders of Claims. The Plan Proponents believe that any alternative to confirmation of the Plan, such as liquidation under chapter 7 of the Bankruptcy Code, will result in significant delay, litigation, and additional costs, as well as a significant reduction in the distributions to Holders of Claims in certain Classes. Consequently, the Debtors urge all eligible Holders of impaired Claims to vote to **ACCEPT** the Plan and to complete and submit their Ballots so that they will be timely **RECEIVED**.

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Dated: April 12, 2017

Respectfully Submitted,

Mosaic Alternative Assets Ltd.

By: 

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Title: President and Chief Executive Officer

Mosaic Management Group, Inc.

By: 

Name: Andrew Murphy

Title: President and Chief Executive Officer

Paladin Settlements, Inc.

By: 

Name: Andrew Murphy

Title: President and Chief Executive Officer

Official Committee of Unsecured Creditors

By: _____

Name: _____

Title: _____

Official Committee of Investor Creditors

By: _____

Name: _____

Title: _____

EXHIBIT 1

Plan Proponents' Joint Plan of Reorganization Under
Chapter 11 of the Bankruptcy Code

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION

IN RE:

Chapter 11 Cases

MOSAIC MANAGEMENT GROUP, INC.,
MOSAIC ALTERNATIVE ASSETS LTD., and
PALADIN SETTLEMENTS, INC.,¹

Case No.: 16-20833-EPK
(Jointly Administered)

Debtors.

**PLAN PROPONENTS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11
OF THE BANKRUPTCY CODE**

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INTRODUCTION

Mosaic Management Group, Inc., Mosaic Alternative Assets Ltd., and Paladin Settlements, Inc., debtors and the debtors-in-possession in the above-captioned chapter 11 cases (collectively, the “Debtors”), the Official Committee of Unsecured Creditors, and the Committee of Investor Creditors of Mosaic Alternative Assets, Ltd. (collectively, the “Plan Proponents”) propose the following *Plan Proponents’ Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* (as amended from time to time, and including all Plan Documents and other attachments hereto, as any of the same may be amended from time to time, all of which are incorporated herein by reference and are a part of, the “Plan”), pursuant to the provisions of chapter 11 of the Bankruptcy Code. Capitalized terms used herein shall have the meanings set forth in Article I.A. All interested parties are encouraged to read the Plan in its entirety before voting to accept or reject the Plan. Subject to certain restrictions and requirements set forth in § 1127 of the Bankruptcy Code, Federal Bankruptcy Rule 3019 and provisions of this Plan, the Plan Proponents expressly reserve the right to alter, amend, modify, revoke, or withdraw this Plan prior to the Effective Date.

For a discussion of the Debtors’ history, business, operations, assets and liabilities, for a summary and analysis of the Plan, preservation of Causes of Action, risk factors, liquidation analysis, tax implications and alternatives to the Plan, reference should be made to the *Disclosure Statement for the Plan Proponents’ Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code*, filed contemporaneously with this Plan, as such disclosure statement may be amended, modified or supplemented (the “Disclosure Statement”).

ARTICLE I

DEFINITIONS AND INTERPRETATION

A. **Definitions.** The following terms shall have the respective meanings specified below:

1.1. ***Administrative Expense Claim*** means any right to payment constituting a cost or expense of administration incurred during the Chapter 11 Cases of a kind specified under § 503(b) of the Bankruptcy Code and entitled to priority under §§ 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including, without limitation, (a) the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Estates and operating the businesses of the Debtors (such as wages, salaries or commissions for services and payments for goods and other services and leased premises); (b) Professional Claims; and (c) all fees and charges assessed against the Debtors’ Estates pursuant to 28 U.S.C. § 1930(a).

1.2. ***Administrative Expense Claim Bar Date*** means the date to be fixed by the Bankruptcy Court as the last date for filing applications or motions for allowance and payment of Administrative Expense Claims; provided, however, that the Administrative Expense Claim Bar Date shall not apply to (a) Professional Claims or other Persons requesting compensation or reimbursement pursuant to §§ 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code for services rendered on or before the Effective Date (including any compensation requested by any professional or any other Person for making a substantial contribution in the Chapter 11 Case);

or (b) liabilities incurred by the Debtors in the ordinary course of business after the Administrative Expense Claim Bar Date but before the Effective Date.

1.3. **Allowed** means, in reference to any Claim or Equity Interest, a Claim or Equity Interest (a) arising on or before the Effective Date as to which (i) no objection to allowance or priority, and no request for estimation or other challenge, including, without limitation, pursuant to § 502(d) of the Bankruptcy Code or otherwise, has been filed or interposed and not withdrawn within the applicable period fixed by the Plan or applicable law, or (ii) an objection that has been determined in favor of the Holder of the Claim or Equity Interest by a Final Order, (b) that is compromised, settled, or otherwise resolved pursuant to Final Order of the Bankruptcy Court, (c) as to which the liability of the Debtors, and the amount thereof are determined by a Final Order of a court of competent jurisdiction, or (d) expressly allowed hereunder; provided, however, that notwithstanding the foregoing, and unless expressly waived by the Plan, the Allowed amount of Claims or Equity Interests shall be subject to and shall not exceed the limitations or maximum amounts permitted by the Bankruptcy Code, including §§ 502 or 503 of the Bankruptcy Code, to the extent applicable.

1.4. **ASM** means ASM Mosaic LLC.

1.5. **Avoidance Action** means a Cause of Action assertable by the Debtors or their Estates under Chapter 5 of the Bankruptcy Code, including without limitation, any actions brought under §§ 510, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551 or 553 of the Bankruptcy Code and applicable law.

1.6. **Ballot** means the form or forms approved by the Bankruptcy Court and distributed to Holders of Impaired Claims on which the acceptance or rejection of the Plan is to be indicated.

1.7. **Bankruptcy Code** means the Title 11 of the U.S. Code, 11 U.S.C. § 101, *et. seq.*, in effect as of the Petition Date, together with all amendments and modifications thereto to the extent applicable to these Chapter 11 Cases.

1.8. **Bankruptcy Court** means the U.S. Bankruptcy Court for the Southern District of Florida, or such other court having jurisdiction over these Chapter 11 Cases.

1.9. **Bankruptcy Rules** means (a) the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended and promulgated under Section 2075 of title 28 of the U.S. Code, (b) the Federal Rules of Civil Procedure, as amended and promulgated under Section 2072 of title 28 of the U.S. Code, (c) the Local Rules of the United States Bankruptcy Court for the Southern District of Florida, and (d) any standing orders governing practice and procedure issued by the Bankruptcy Court, each as in effect on the Petition Date, together with all amendments and modifications thereto to the extent applicable to these Chapter 11 Cases or proceedings herein, as the case may be.

1.10. **Bar Date** means, as applicable, (1) January 31, 2017, as to Governmental Units and January 30, 2017, as to non-Governmental Units, and (2) any other date(s) established by the Bankruptcy Court as the last date(s) for filing Claims against the Debtors.

1.11. **Beneficial Ownership** means the contractual right under an Investment Contract to receive the economic rights and benefits in a Policy (or Policies), including the right to receive death benefits or other maturity proceeds, and any other rights relating to the Policy (or Policies), including the portion thereof to which a Fractional Interest(s) relate(s). Beneficial Ownership does not include rights reserved to the legal and record owner of a Policy, including the right to designate and change the beneficiary of the Policy and to designate, control and direct a third party to serve as the record owner or beneficiary.

1.12. **Business Day** means any day that is not (1) Saturday, (2) Sunday, (3) any other day on which commercial banks in West Palm Beach, Florida are required or authorized to close by law or executive order, or (4) any other day that is a “legal holiday” in the State of Florida, as such term is defined in Bankruptcy Rule 9006(a).

1.13. **Cash** means lawful currency of the United States of America or its equivalents, including, but not limited to, wire transfers and checks.

1.14. **Cash-Out Election** means an election made available under the Plan to a Holder of an Allowed Claim in Class 3 to sell, assign, and transfer such Holder’s Allowed Claim to ASM and receive from ASM a lump sum of Cash on the Effective Date in an amount equal to [X] for each \$1.00 of such Holder’s Allowed Claim, as provided in Articles 5.3(b) and 7.2 of the Plan.

1.15. **Cash-Out Elector** means a Holder of an Allowed Claim in Class 3 that makes the Cash-Out Election or the Hybrid Election.

1.16. **Causes of Action** means any and all claims (including third party claims and Avoidance Actions), choses in action, causes of action, suits, accounts, debts, dues, sums of money, bonds, bills, covenants, contracts, damages, judgments, remedies, rights of setoff, motions, subrogation claims, contribution claims, reimbursement claims, indemnity claims, controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights to payments and claims, counter-claims and cross claims (including all claims and any avoidance, recovery, subordination or other actions against any Person under the Bankruptcy Code), whether known or unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured and whether assertable directly or derivatively, in law, equity or otherwise (including under the Bankruptcy Code), which are owned or held by, or have accrued to, any Debtor, Debtor in Possession and/or any Estate, whether arising before or after the Petition Date (and whether asserted or unasserted as of the Confirmation Date), or instituted by the Debtors or the Investment Trustee, as the case may be (after the Petition Date or Effective Date, as applicable), against any Person, including, without limitation, those which are: (i) property of any Estate under and pursuant to § 541 of the Bankruptcy Code; (ii) for subrogation and contribution; (iii) for turnover; (iv) Avoidance Actions; (v) to determine the extent, validity and priority of liens and encumbrances; (vi) for surcharge under § 506(c) of the Bankruptcy Code; (vii) for subordination under § 510 of the Bankruptcy Code; (viii) related to federal or state securities laws; (ix) direct or derivative claims or causes of action of any type or kind; (x) for professional

malpractice against professionals employed by any Debtor; (xi) against any and all current and/or former officers and directors of any Debtor or any legal predecessor in interest of any Debtor for any reason, including for fraudulent transfer and/or breach of fiduciary duty; (xii) under and pursuant to any policies of insurance maintained by any Debtor; (xiii) for theft of corporate opportunity; (xiv) for collection on accounts, accounts receivables, loans, notes receivables or other rights to payment; (xv) for the right to seek a determination by the Bankruptcy Court of any tax, fine or penalty relating to a tax, or any addition to a tax, under § 505 of the Bankruptcy Code; (xvi) which arise under or as a result of any section of the Bankruptcy Code, including § 362; (xvii) or may be available to any Debtor against any third party(ies) under any legal or equitable theory, whether or not specifically identified or described herein or in the Disclosure Statement; and (xviii) to the extent not otherwise set forth above, as described in the Disclosure Statement.

1.17. **Chapter 11 Cases** means, collectively, the cases under chapter 11 of the Bankruptcy Code commenced by the Debtors on August 4, 2016 and jointly administered by the Bankruptcy Court under “In re Mosaic Management Group, Inc., et al.,” Case No. 16-20833-EPK (Jointly Administered).

1.18. **Chief Executive Officer** means Andrew Murphy, the sole equity holder and chief executive officer of the Debtors.

1.19. **Claim** means a “claim,” as defined in § 105(5) of the Bankruptcy Code, against the Debtors or any single Debtor.

1.20. **Class** means any group of Claims or Equity Interests as classified by the Plan pursuant to § 1123(a)(1) of the Bankruptcy Code.

1.21. **Committees** means the Committee of Unsecured Creditors appointed by the U.S. Trustee on August 23, 2016 [Case 16-20833-EPK , ECF Nos. 79-80], the Committee of Investor Creditors of Mosaic Alternative Assets, Ltd. appointed by the U.S. Trustee on December 14, 2016 [Case 16-20833-EPK , ECF No. 396], and any other committee of creditors that may be appointed in the Chapter 11 Cases, as such Committee(s) may be reconstituted from time to time.

1.22. **Confirmation** means the entry of an order of the Bankruptcy Court confirming the Plan in accordance with § 1129 of the Bankruptcy Code.

1.23. **Confirmation Date** means the date on which the Bankruptcy Court enters the Confirmation Order on the docket.

1.24. **Confirmation Hearing** means the hearing(s) before the Bankruptcy Court in respect of the confirmation of the Plan.

1.25. **Confirmation Order** means the order of the Bankruptcy Court confirming the Plan pursuant to § 1129 of the Bankruptcy Code.

1.26. **Consummation** means the occurrence of the Effective Date.

1.27. **Creditor** means any Person or Entity that holds a Claim.

1.28. **Cure** means the payment of Cash by the Debtors, or the Distribution of other property (as the parties may agree or the Bankruptcy Court may order), as necessary to (a) cure a monetary default by the Debtors in accordance with the terms of an executory contract or unexpired lease of the Debtors and (b) permit the Debtors to assume such executory contract or unexpired lease pursuant to § 365 of the Bankruptcy Code.

1.29. **Cure Dispute** means a pending objection relating to assumption of an executory contract or unexpired lease pursuant to § 365 of the Bankruptcy Code.

1.30. **Cure Claim** means a Claim for a Cure, paid to cure a default in accordance with the terms of an executory contract.

1.31. **Debtors** has the meaning set forth in the Introduction hereof.

1.32. **Debtor-in-Possession** means each Debtor in its capacity as a debtor in possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code.

1.33. **DIP Claims** means all Claims held by the DIP Lender on account of, arising under or relating to the DIP Facility, the DIP Loan Agreements, or the DIP Orders, which includes, without limitation, Claims for all principal amounts outstanding, interest, fees, reasonable and documented fees, expenses, costs and other charges of the DIP Lender.

1.34. **DIP Loan Agreements** means that certain credit agreement, dated December 23, 2016, by and among, Debtors, as borrowers, and the DIP Lender, as lender and any other promissory note, credit agreement, loan agreement, and/or or security documents executed by the Debtors in connection with such credit agreement.

1.35. **DIP Facility** means that certain Superpriority Senior Secured Debtor-in-Possession credit facility consisting of a term loan in the aggregate principal amount of five million dollars (\$5,000,000) provided by the DIP Lender on the terms and conditions set forth in the DIP Loan Agreements, as approved by the DIP Orders.

1.36. **DIP Lender** means ASM Mosaic LLC.

1.37. **DIP Orders** means the interim and final order(s) [ECF Nos. 394 and 442] of the Bankruptcy Court authorizing, as the case may be, among other things, the Debtors to enter into and make borrowings under the DIP Loan Agreements, and granting certain rights, protections, and liens to and for the benefit of the DIP Lender.

1.38. **Disallowed Claim** means a Claim, or any portion of a Claim that (a) is scheduled in the Debtors' Schedules in the amount of zero (\$0) U.S. dollars or as contingent, unliquidated or disputed and as to which a Bar Date has been established but no proof of claim has been filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy

Code or any Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law; (b) is not scheduled in the Debtors' Schedules and as to which a Bar Date has been established and no proof of claim has been filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law; or (c) has been disallowed by order of the Bankruptcy Court or such other court of competent jurisdiction.

1.39. **Disclosure Statement** means the Disclosure Statement and exhibits thereto that relate to this Plan and prepared pursuant to Section 1125 of the Bankruptcy Code, as amended, modified or supplemented from time to time, which has been approved by the Bankruptcy Court and which is distributed to Holders of Claims and Equity Interests with this Plan.

1.40. **Disputed or Disputed Claim** means, with respect to a Claim, (a) any such Claim to the extent neither Allowed nor Disallowed under the Plan or a Final Order nor deemed Allowed under § 502, 503, or 1111 of the Bankruptcy Code, or (b) to the extent the Debtors or any party in interest has interposed a timely objection or request for estimation before the Confirmation Date in accordance with the Plan, which objection or request for estimation has not been withdrawn or determined by a Final Order. To the extent the Debtors dispute only a portion of the Allowed amount of a Claim, such Claim shall be deemed Allowed in the amount the Debtors do not dispute, if any, and Disputed as to the balance of such Claim.

1.41. **Distributable Cash** means the sum of all net cash flow generated by liquidation through maturity of Policies included in the Investment Trust Assets, *plus* all net proceeds from the sale of Investment Trust Assets, *plus* any Litigation Proceeds contributed to the Investment Trust, *minus* the sum of all reasonable costs and expenses incurred by the Investment Trustee and the Investment Trust, *minus* amounts deemed by the Investment Trustee in the Investment Trustee's discretion (in consultation with the Investment Trust Board) to be necessary to fund Premium Reserves and to cover future reasonable costs and expenses to be incurred by the Investment Trustee and the Investment Trust, *provided, however*, that in no event shall Distributable Cash be the subject of a Distribution to Holders of Investment Trust Shares under the Plan unless and until all amounts then owing under the Exit Facility have been paid in full.

1.42. **Distribution** means each payment or distribution under the Plan of property or interests in property to the Holders of Allowed Claims.

1.43. **Effective Date** means the date that is one (1) day after Confirmation Date, as such date may be extended by the mutual consent of the Plan Proponents.

1.44. **Entity** has the meaning set forth in § 101(15) of the Bankruptcy Code.

1.45. **Equity Interest** means the interests of any Holder of an equity security of any of the Debtors represented by any issued and outstanding shares of common stock or preferred stock, or any membership interest, partnership interest or other instrument evidencing a present ownership interest in any of the Debtors, including any option, warrant, or right, contractual or otherwise, to acquire any such interest.

1.46. **Estate** means the estate of each Debtor created under § 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Cases.

1.47. **Exculpated Parties** means (i) the Debtors; the (ii) Committees; (iii) the members of the Committees acting in their capacity as Committee members; (iv) the professionals engaged by the Debtors through order of the Bankruptcy Court; (v) Andrew Murphy as the Debtors' chief executive officer; (vi) the DIP Lender; and (vi) professionals engaged by the DIP Lender.

1.48. **Exit Facility** means the senior secured, first-lien credit facility in an aggregate principal amount of up to \$10,000,000.00, which aggregate amount will consist of two tranches: (1) a \$5,000,000.00 tranche plus accrued interest thereon up to the Closing Date of the DIP Facility provided by the DIP Lender; and (2) a \$5,000,000.00 tranche of a senior secured, first-lien exit credit facility on terms described in the Exit Facility Term Sheet.

1.49. **Exit Facility Credit Agreement** means that certain credit agreement, dated as of the Effective Date, governing the Exit Facility (as may be amended, restated, amended and restated, supplemented, or modified from time to time, solely in accordance with the terms thereof) and containing terms consistent with the Exit Facility Term Sheet and which otherwise shall be in form and substance acceptable to the Plan Proponents and the Exit Lender in their respective discretion.

1.50. **Exit Facility Documents** means, collectively, the Exit Facility Credit Agreement and each other agreement, security agreement, pledge agreement, collateral assignments, mortgages, control agreements, guarantee, certificate, document or instrument executed and/or delivered in connection with any of the foregoing, whether or not specifically mentioned herein, as the same may be modified, amended, restated, supplemented or replaced from time to time and which shall be in form and substance consistent with the Exit Facility Term Sheet and otherwise acceptable to the Plan Proponents and the Exit Lender in their respective discretion.

1.51. **Exit Facility Term Sheet** means the term sheet for the Exit Facility annexed to the Plan as **Exhibit A**.

1.52. **Exit Lender** means the DIP Lender and any other Person that shall become a lender under the Exit Facility from time to time in accordance with the Exit Facility Credit Agreement.

1.53. **File, Filed, or Filing** means file, filed or filing with the Bankruptcy Court or its authorized designee in the Chapter 11 Cases.

1.54. **Final Order** means an order or judgment of the Bankruptcy Court entered by the Clerk of the Bankruptcy Court on the docket in the Chapter 11 Cases, which has not been reversed, vacated, or stayed, and as to which: (i) the time to appeal, petition for certiorari, or move for a new trial, re-argument, or rehearing has expired, and as to which no appeal, petition for certiorari, or other proceedings for a new trial, re-argument, or rehearing shall then be pending; or (ii) if an appeal, writ of certiorari, new trial, re-argument, or rehearing thereof has

been sought, such order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, re-argument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for a new trial, re-argument, or rehearing shall have expired; *provided, however*, that no order or judgment shall fail to be a “Final Order” solely because of the possibility that a motion pursuant to section 502(j) or 1144 of the Bankruptcy Code, or pursuant to Rule 60 of the Federal Rules of Civil Procedure, or pursuant to Bankruptcy Rules 9024 or Rule 8002(d) has been or may be filed with respect to such order or judgment.

1.55. ***Fractional Interest*** means a fractional, Beneficial Ownership interest in terms of the contractual right to receive payment of a discrete percentage (up to and including 100%) of the proceeds payable upon the maturity of a Policy.

1.56. ***Fractional Position*** means, prior to the Effective Date, the Fractional Interests in the Policies that were denominated as related to the Investment Contracts purchased by the Investors and/or the Lapolla Investors.

1.57. ***General Unsecured Claim*** means an Investor Claim, Lapolla Investor Claim, and any other pre-petition Claim as of the Petition Date that is not an Administrative Expense Claim (including, a Professional Claim), a DIP Claim, a Priority Tax Claim, a Priority Claim, a Landau Investor Claim, or a Secured Claim.

1.58. ***Governmental Unit*** has the meaning ascribed to such term in Section 101(27) of the Bankruptcy Code.

1.59. ***Holder*** means the holder of a Claim or Equity Interest under the Plan.

1.60. ***Hybrid Election*** means the election made under the Plan by the Holder of an Allowed Class 3 Claim to have (i) fifty percent (50%) of such Allowed Class 3 Claim sold, assigned, and transferred to ASM in exchange for a lump sum payment in Cash on the Effective Date in an amount equal to [x] for each \$1.00 of such Allowed Class 3 Claim as provided in Section 5.3(b)(2) and (3) of the Plan, and (ii) the remaining fifty percent (50%) of such Allowed Class 3 Claim exchanged, transferred, and assigned to the Investment Trust in exchange for Investment Trust Shares as provided in Section 5.3(b)(1) and (3) of the Plan.

1.61. ***Hybrid Elector*** means a Holder of an Allowed Claim in Class 3 that makes the Hybrid Election.

1.62. ***Impaired*** means, with respect to any Class of Claims or Equity Interests, a Claim or Equity Interest that is impaired within the meaning of §§ 1123(a)(4) and 1124 of the Bankruptcy Code.

1.63. ***Intercompany Claim*** shall mean any Claim held by one Debtor against another Debtor arising at any time before the Effective Date.

1.64. ***Internal Revenue Code*** means the Internal Revenue Code of 1986, as amended from time to time, and any applicable rulings, Treasury Regulations, judicial decisions, and notices, announcements, and other releases of the United States.

1.65. ***Investment Contracts*** means all of the various sets of documents wherein any Debtor agreed, among other things, to sell Fractional Interests to Lapolla Investors, Landau Investors, and/or Investors.

1.66. ***Investment Trust*** means the grantor trust created pursuant to the Plan to own and administer the Investment Trust Assets.

1.67. ***Investment Trust Agreement*** means the document substantially in the form of **Exhibit B** to the Plan and titled “Investment Trust Agreement for Mosaic Investment Trust,” as it may be amended or otherwise modified, approved and entered into in accordance with the Plan, and pursuant to which the Investment Trust will be established and administered.

1.68. ***Investment Trust Assets*** means, other than the Reorganized Debtor Assets, all property of the Debtors’ Estates under and pursuant to § 541 of the Bankruptcy Code, including without limitation (a) the Policies, including all Maturity Funds flowing from or relating to the Policies; (b) the Policy Related Assets; (c) any other legal or equitable interest of the Debtors in any real, personal or intangible property of any nature, including any real estate, buildings, structures, improvements, privileges, rights, easements, leases, subleases, licenses, goods, inventory, materials, supplies, furniture, fixtures equipment, work in process, accounts, chattel paper, Cash, deposit accounts, reserves, deposits, contractual rights, intellectual property rights, Claims, Causes of Action and any other general intangibles, and the proceeds, product, offspring, rents or profits thereof; and (d) any and all Maturity Accounts.

1.69. ***Investment Trust Beneficiary*** means the Holder of an Investment Trust Share or Investment Trust shares in the Investment Trust.

1.70. ***Investment Trust Election*** means the option provided to Holders of Class 3 Allowed Claims to elect to irrevocably exchange, transfer, and assign their respective Allowed Class 3 Claims to the Investment Trust pursuant to Article 5.3(b)(1) of the Plan and thereby become an Investment Trust Elector.

1.71. ***Investment Trust Elector*** means a Holder of an Allowed Claim in Class 3 that makes the Investment Trust Election.

1.72. ***Investment Trust Board*** means the board comprised of Holders of Investment Trust Shares as provided for in the Investment Trust Agreement.

1.73. ***Investment Trust Share*** means a beneficial interest, expressed in shares, in the Investment Trust, which represents the right to receive Distributions from the Investment Trust as set forth in the Plan, the Investment Trust Agreement, and/or the Confirmation Order, or as may be otherwise approved by the Bankruptcy Court.

1.74. **Investment Trustee** means Margaret J. Smith of GlassRatner Advisory & Capital Group.

1.75. **Investor** means a Person or Entity, other than Lapolla Investors or Landau Investors, that entered into an Investment Contract with any Debtor for the contractual right to a Fractional Interest in a Policy. For the avoidance of doubt, each Person or Entity listed on **Exhibit C** is considered an Investor for all purposes of this Plan, the Investment Trust Agreement, and/or any other Plan Document, except to the extent that such Investor also qualifies as either a Landau Investor or a Lapolla Investor.

1.76. **Investor Claim** means an Allowed Claim for each Investor calculated as follows: the total funds invested or re-invested (without duplication) by such Investor in connection with an Investment Contract, or Investment Contracts, as the case may be, *plus* all premiums and administrative fees paid by such Investor through the Petition Date *less* any distributions, credits, or other amounts paid by the Debtors to or on behalf of such Investor; *provided, however*, that any Distribution to an Investor under the Plan shall at all times be subject to the Debtors' or the Investment Trust's right to set off against such Distribution any Pre-Petition Default Amounts then owed by such Investor; *provided further* that for any Investment Trust Beneficiary that is the Holder of both an Investor Claim and a Lapolla Investor Claim (defined below), the set off for Pre-Petition Default Amounts shall only be applied once to avoid duplicate recovery.

1.77. **Landau Investor** means a Person or Entity that entered into an Investment Contract with any Debtor for the contractual right to a Fractional Interest in the Landau Policy. For the avoidance of doubt, each Person or Entity enumerated on the attached **Exhibit D** shall be considered a Landau Investor for all purposes of this Plan, the Investment Trust Agreement, and/or any other Plan Document.

1.78. **Landau Investor Claim** means the Allowed Claim of any Landau Investor against any Debtor as calculated and treated in Article 5.4 of the Plan.

1.79. **Landau Policy** means the life insurance policy issued by the Lincoln National Life Insurance Company bearing a policy number of 7234822 and a policy code of LS 4822 067.

1.80. **Lapolla Investor** means a Person or Entity that entered into an Investment Contract with any Debtor for the contractual right to a Fractional Interest in the life insurance policy issued by Transamerica bearing a policy number of 60033588 and a policy code of LJ 5678. For the avoidance of doubt, each Person or Entity enumerated on the attached **Exhibit E** shall be considered a Lapolla Investor for all purposes of this Plan, the Investment Trust Agreement, and/or any other Plan Document.

1.81. **Lapolla Investor Claim** means an Allowed Claim of a Lapolla Investor calculated as follows: the expected share of the Maturity Funds to which the Lapolla Investor was entitled pursuant to the Lapolla Investor's Investment Contract *less* any distributions, credits, or payments made by the Debtors to, or on behalf of, the Lapolla Investor; *provided, however*, that any Distribution to a Lapolla Investor under the Plan shall at all times be subject to the Debtors'

or the Investment Trust's right to set off against such distribution any Pre-Petition Default Amounts then owed by such investor; *provided further* that for any Investment Trust Beneficiary that is the Holder of both an Investor Claim and a Lapolla Investor Claim, the set off for Pre-Petition Default Amounts shall only be applied once to avoid duplicate recovery.

1.82. ***Lien*** means any: (i) judicial lien contemplated in § 101(36) of the Bankruptcy Code; (ii) mortgage, lien, pledge, security interest or other charge or encumbrance or security device of any kind affecting any asset or any property of the Debtors contemplated by § 101(37) of the Bankruptcy Code; (iii) security interest contemplated in § 101(51) of the Bankruptcy Code; (iv) statutory lien contemplated in § 101(53) of the Bankruptcy Code; and (v) other lien, interest, charge or encumbrance.

1.83. ***Litigation Proceeds*** means the gross recoveries resulting from the prosecution and/or settlement of the Causes of Action, less all professional fees and costs incurred in connection with each such Cause of Action.

1.84. ***Maturity Accounts*** means, before the Effective Date, segregated accounts established by the Debtors into which the Maturity Funds paid on all matured policies have been deposited and will continue to be deposited and held subject to use in accordance with the terms of the Plan, and also means, after the Effective Date, including any accounts into which any of the Maturity Funds are transferred in accordance with the Investment Trust Agreement and/or this Plan.

1.85. ***Maturity Funds*** means the Cash proceeds paid or payable by a life insurance company under the terms of any Policy that is or hereafter becomes a Matured Policy.

1.86. ***Mosaic Alternative*** means Mosaic Alternative Assets Ltd., a Debtor in the Chapter Cases.

1.87. ***Mosaic Management*** means Mosaic Management Group, Inc., a Debtor in the Chapter 11 Cases.

1.88. ***Paladin Settlements*** means Paladin Settlements, Inc., a Debtor in the Chapter 11 Cases.

1.89. ***Person*** means an individual, corporation, partnership, limited liability company, association, joint stock company, joint venture, estate, trust, unincorporated organizations, financial institution government or any political subdivision thereof (as defined in §101(41) of the Bankruptcy Code).

1.90. ***Petition Date*** means August 4, 2016, the date on which each of the Debtors filed for relief under chapter 11 of the Bankruptcy Code.

1.91. **Plan** means this Chapter 11 plan, as set forth and defined in the preamble hereof, including all appendices, exhibits, schedules, and supplements hereto (including, without limitation, any appendices, schedules, and supplements to the Plan contained in the Plan Supplement), as the same may be amended, supplemented, or modified from time to time in accordance with the provisions of the Bankruptcy Code and the terms hereof.

1.92. **Plan Documents** means all documents that aid in effectuating the Plan, including, without limitation, all addenda, exhibits, schedules, and the Plan Supplement, which documents (as may be amended, modified or supplemented from time to time) shall be in form and substance reasonably acceptable to the Plan Proponents

1.93. **Plan Supplement** means, collectively, those material documents executed or to be executed in order to consummate the transactions contemplated under the Plan, which will be filed within the Bankruptcy Court on or before the date that is fourteen (14) days before the Confirmation Hearing.

1.94. **Plan Proponents** has the meaning set forth in the Introduction hereof.

1.95. **Policies** means the life insurance policies owned by the Debtors and identified by Policy ID Number in **Exhibit F** attached to this Plan. When used singularly, "Policy" means any one of the Policies.

1.96. **Policy Related Assets**. means, collectively, (i) legal and record title to all of the Policies; (ii) all Beneficial Ownership in the Policies held by any Debtor as of the Effective Date (including all associated rights to receive death benefits and other maturity proceeds, rights to cash surrender value and other beneficial and equitable rights), along with any related escrowed funds and Maturity Funds; (iii) any Debtor's rights to recovery with respect to set off of Pre-Petition Default Amounts; (iv) all of the information, data, books, records, reports, equipment, software, and systems of the Debtors relating to servicing the Policies and providing the registration, administration, reporting and other services to be provided pursuant to the Servicing Agreement; and (v) all Causes of Action related to any of the foregoing Policy Related Assets.

1.97. **Post-Confirmation Administrative Claim** shall mean a Claim for services rendered or expenses incurred after the Effective Date in connection with these Chapter 11 Cases by the Investment Trust and/or Post-Confirmation Professionals.

1.98. **Post-Confirmation Professionals** shall mean those professionals engaged by the Investment Trust from and after the Effective Date.

1.99. **Policy Portfolio** means the Policies owned by the Debtors, including those in which Debtors sold Fractional Interests.

1.100. **Premium Reserve** means those certain reserved created and maintained by the Investment Trust for purposes of paying future premiums under the Policies held by the Investment Trust.

1.101. ***Pre-Petition Default Amount*** means, for each Fractional Position, (1) any amount owed to any Debtor by an Investor, Landau Investor, and/or Lapolla Investor for any premium advances made by any of the Debtors prior to the Petition Date with respect to the Fractional Position, (2) any amount owed to any Debtor by an Investor, Landau Investor, and/or Lapolla Investor for any other payment or premium obligation arising from or relating to an Investment Contract prior to the Petition Date, and (3) any other amounts (including platform servicing fees) owed by the Investor, Landau Investor, and/or Lapolla Investor with respect to the Fractional Position prior to the Petition Date.

1.102. ***Priority Claim*** means any Claim to the extent that it is of the kind described in, and entitled to priority under § 507(a) of the Bankruptcy Code, other than an Administrative Expense Claim and a Priority Tax Claim.

1.103. ***Priority Tax Claims*** means an unsecured Claim of a Governmental Unit of the kind specified in § 507(a)(8) of the Bankruptcy Code.

1.104. ***Professional*** means any professional employed or to be compensated pursuant to §§ 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code.

1.105. ***Professional Claim*** means a Claim for compensation and/or reimbursement of expenses pursuant to §§ 327, 328, 330, 331 or 503(b) of the Bankruptcy Code in connection with an application made to the Bankruptcy Court in the Chapter 11 Cases.

1.106. ***Pro Rata Share*** means the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of Allowed Claims in that Class, or the proportion that Allowed Claims in a particular Class bear to the aggregate amount of Allowed Claims and Disputed Claims in a particular Class and other Classes entitled to share in the same recovery as such Class under the Plan.

1.107. ***Reorganized Debtors*** means the Debtors and any successors thereto, as reorganized as of the Effective Date in accordance with the Plan and after giving effect to the mergers, conversion, and/or substantive consolidation as set forth in the Plan.

1.108. ***Reorganized Debtor Assets*** means those certain specific assets that are being transferred to and vested in the Reorganized Debtors on the Effective Date pursuant to the terms of the Plan, including, but not limited to, any license issued to any Debtor by any state or jurisdiction; all office equipment and furniture, any and all customer lists, any interest of the Debtors in the 2012 Ford Expedition King Ranch bearing VIN No. of 1FMJK1J56CEF11021; any interest of the Debtors in Unit Number 26, Building Number 26, Unit Week Number 24 in Eagle's Loft (Phase III) as recorded in Reception No. 130203 in the Office of the County Clerk and Recorder in and for Archuleta County, Colorado; and all other data, documents, or software necessary for the Reorganized Debtors' continuing operation.

1.109. ***Schedules*** means each of the Debtor's schedules of assets and liabilities and statement of financial affairs filed with the Clerk of the Bankruptcy Court pursuant to

Bankruptcy Rule 1007, as they have been or may be amended or supplemented from time to time through the Effective Date in accordance with Bankruptcy Rule 1009.

1.110. ***Secured Claim*** means any Claim: (i) secured by collateral, to the extent of the value of such collateral (a) as set forth in the Plan, (b) as agreed to by the Holder of such Claim and the Debtors, (c) as determined by a Final Order in accordance with section 506 of the Bankruptcy Code; or (ii) in the event that such Claim is subject to a permissible setoff under section 553 of the Bankruptcy Code, to the extent of such permissible setoff.

1.111. ***Security*** has the meaning set forth in in § 101(49) of the Bankruptcy Code.

1.112. ***Servicing Agreement*** means that certain servicing agreement between the Servicing Company and the Investment Trust pursuant to which the Servicing Company will provide servicing for the Policies and certain administrative services relating to the Policies. The Servicing Agreement shall be in a form and content, and under terms, acceptable to the Plan Proponents. The Servicing Agreement shall be included in the Plan Supplement.

1.113. ***Servicing Company*** means the entity to be selected by the Investment Trustee that will be engaged under the terms of the Servicing Agreement by the Investment Trust to service the Policies and provide certain administrative services relating to the Policies after the Effective Date.

1.114. ***Statutory Fees*** means the fees due the United States Trustee pursuant to 28 U.S.C. § 1930.

1.115. ***Unimpaired*** means, with respect to a Class of Claims, a Claim that is “unimpaired” within the meaning of section 1124 of the Bankruptcy Code.

1.116. ***Unliquidated Claim*** means any claim, the amount of liability for which has not been fixed, whether pursuant to agreement, applicable law, or otherwise, as of the date on which such Claim is sought to be estimated.

1.117. ***Voting Record Date*** means the date of the order of the Bankruptcy Court approving the Disclosure Statement, which shall be the date for purposes of determining those Holders of Allowed Claims that are entitled to vote to accept or reject the Plan.

B. *Interpretation; Application of Definitions and Rules of Construction.* Unless otherwise specified, all article, section, or exhibit references in the Plan are to the respective article or section in, or exhibit to, the Plan, as the same may be amended, waived, or modified from time to time. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to the Plan as a whole and not to any particular section, subsection, or clause contained therein. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. For purposes herein: (1) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (2) any reference herein to a contract, lease,

instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (3) unless otherwise specified, all references herein to “Articles” are references to Articles hereof or hereto; (4) the rules of construction set forth in § 102 of the Bankruptcy Code shall apply; and (5) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

C. *Reference to Monetary Figures.* All references in the Plan to monetary figures shall refer to the legal tender of the United States of America, unless otherwise expressly provided.

ARTICLE II

PLAN SUMMARY

2.1. *Generally.*

The plan summary set forth in this Article II (the “Plan Summary”) is designed to provide Creditors and other interested parties a summary of the provisions, terms, and mechanics of this Plan. The Plan will create a legal vehicle through which the Debtors, Creditors, and other interested parties (as their interests may appear) can maximize the value of the Policies and the Policy Portfolio, reduce costs of administration, and settle claims regarding the ownership of and Beneficial Interest in the Policies. The provisions of this Plan are designed to maximize the value of each Allowed Claim and minimize the losses of the Creditors in these Chapter 11 Cases.

This Plan contains many capitalized terms that are used with specific defined meanings. For the convenience of all interest parties, Article I of this Plan contains a glossary containing each of these defined terms.

2.2. *Creation and Participation in the Investment Trust and the Elections Made Available to Holders of Allowed Class 3 Claims*

As set forth in Article 8, the Plan provides for the creation of an Investment Trust under the control of an Investment Trustee, with the oversight of the Investment Trust Board. The essential features of the Investment Trust, including its duration, function, beneficiaries, and authority are defined by this Plan and an Investment Trust Agreement, which is attached to the Plan as **Exhibit B**. The Investment Trustee will be a fiduciary to, and hold and administer the Investment Trust Assets for the benefit of the Holders of Investment Trust Shares in the Investment Trust. On the Effective Date of the Plan, the Debtors shall transfer the Investment Trust Assets to the Investment Trust. The Reorganized Debtor Assets shall be transferred by the Debtors to the Reorganized Debtors on the Effective Date.

The Plan provides the Holders of Allowed Class 3 Claims with three options regarding the treatment of their Allowed Claims. Such Holders can elect: (i) the Investment Trust Election and receive Investment Trust Shares in respect of their Allowed Claim; (ii) the Cash Out Election and receive a lump sum payment on the Effective Date in respect of their Allowed

Claim; or (iii) the Hybrid Election and receive the same treatment as the Cash Out Election for 50% of their Allowed Claim and the same treatment as the Investment Trust Election for the remaining fifty percent (50%) of their Allowed Claim. Holders of Allowed Class 3 Claims will be required to make such election on the Ballot that they submit on the Plan. **In the event any such Holder fails to make an election on the Ballot, then such Holder shall be treated as if such Holder made the Investment Trust Election.**

Holders of Allowed Class 3 Claims who wish to continue their investment in the Policies through the Investment Trust can make the Investment Trust Election or the Hybrid Election and thereby receive the benefit any Distributions made by the Investment Trust and the potential recoveries under the Investment Trust. For those Holders who seek to convert some or all of their Allowed Claims into a Cash payment, the Plan provides for the Cash Out Election and the Hybrid Election as to 50% of such Allowed Claim.

Eligible Investment Trust Electors will receive an Investment Trust Share by making an Investment Trust Election pursuant to Article 5.3(b)(1) of this Plan. By making the Investment Trust Election, Electors will be entitled to their Pro Rata Share of any Distribution made by the Investment Trust. As set forth more fully in Article 8 of the Plan, the source of the funds and Cash for Distributions by the Investment Trust will be the Investment Trust Assets.

For those Holders of Allowed Class 3 Claims who become Investment Trust Electors or Hybrid Electors, they will receive one Investment Trust Share for each dollar of their Allowed Claim (50% of such Allowed Claims for Hybrid Electors) pursuant to Article 5.3 of the Plan. By making the Investment Trust Election or the Hybrid Election, such Electors will be entitled to their Pro Rata Share of any Distribution made by the Investment Trust.

2.3. Treatment of Landau Investor Claims with Allowed Class 4 Claims

Pursuant to Article 5.4 of the Plan, Landau Investors with Allowed Claims in Class 4 of the Plan will receive a Distribution in the amount of their Allowed Claim, *minus* (i) a three percent (3%) Investment Trust Fee, (ii) a two percent (2%) service charge, and (iii) any unpaid Pre-Petition Default Amount owed by such Landau Investor.

ARTICLE III

PROVISIONS FOR PAYMENT OF ALLOWED ADMINISTRATIVE EXPENSE CLAIMS, PRIORITY TAX CLAIMS AND STATUTORY FEES

3.1. Payment of Allowed Administrative Expense Claims; Administrative Expense Claims Bar Date.

Each Holder an Allowed Administrative Expense Claim (including Professional Claims) shall, in full satisfaction, settlement, discharge and release thereof, and in exchange thereof, be paid the Allowed amount of its Administrative Expense Claim, in full, in Cash, on or before the fifth (5th) Business Day after the funding of the Exit Facility by the Exit Lender.

With the exception of Professionals seeking the allowance and payment of Professional Claims, all requests for payment of Administrative Expense Claims shall be filed by the Administrative Expense Claims Bar Date established by the Bankruptcy Court; if such requests for payment of Administrative Expense Claims are not so timely filed, the Claims will be Disallowed Claims and will be automatically deemed forever barred and the Holders of such Disallowed Claims shall be forever barred, estopped and enjoined from asserting such Claims in any manner against the Debtors, the Estates, the Reorganized Debtors, or the Investment Trust and without the need for any objection by the Debtors or the Investment Trust, as the case may be, and without any further notice or action, order or approval of the Bankruptcy Court.

3.2. Professional Claims Bar Date.

All requests for final allowances of Professional Claims shall be filed by the date established by the Bankruptcy Court in the order conditionally approving the Disclosure Statement.

3.3. Priority Tax Claims.

Each Holder of an Allowed Priority Tax Claim shall, in full satisfaction, settlement, discharge and release thereof, and in exchange thereof, be paid the Allowed amount of its Priority Tax Claim, in full, in Cash, including statutory interest, on the later of: (i) the Effective Date (or as soon as practicable thereafter) or five (5) Business Days after the date of a Final Order allowing such Priority Tax Claim; or (ii) upon such other dates and terms as may be agreed upon by the Holder of any such Allowed Priority Tax Claim and the Investment Trust.

3.4. U.S. Trustee; Claims for Statutory Fees; Quarterly Reports.

Within ten (10) days of the Confirmation Date, the Debtors shall pay the U.S. Trustee the appropriate sums required pursuant to 28 U.S.C. § 1930(a)(6) for the relevant period and provide an appropriate affidavit indicating cash disbursements for the relevant period. Until the earlier of the closing of the applicable Chapter 11 Case by the issuance of a final decree by the Bankruptcy Court, or upon entry of an order of the Bankruptcy Court dismissing the applicable Chapter 11 Case, or converting the applicable Chapter 11 Case to another chapter under the Bankruptcy Code, and notwithstanding anything contained herein to the contrary, the Investment Trust shall (i) pay the U.S. Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6) for post-confirmation periods for each Debtor's case within the time periods set forth in 28 U.S.C. § 1930(a)(6) and (ii) within 45 days of the end of each fiscal quarter, file with the Bankruptcy Court and submit to the U.S. Trustee quarterly reports and affidavits setting forth all receipts and disbursements of the Investment Trust as required by the U.S. Trustee guidelines. To date, the Debtors have paid all fees due and owing to the U.S. Trustee, and the Investment Trust anticipates paying all such fees through confirmation of the Plan and thereafter as provided herein.

3.5. DIP Claims.

On the Effective Date, subject to the satisfaction or waiver of all conditions precedent to effectiveness herein and in the Exit Facility Documents, the Allowed DIP Claims shall be assumed and restated by the Exit Facility.

Unless otherwise provided in the Exit Facility Documents, all Liens and security interests shall be secured by a first lien on the Investment Trust assets granted to secure the DIP Facility and shall remain in full force and effect after the Effective Date.

ARTICLE IV

CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

4.1. Classification in General.

All Claims and Equity Interests, except Administrative Expense Claims (including Professional Claims), Priority Tax Claims and Claims for Statutory Fees, are placed in Classes as summarized below in Article 4.3 (“Summary”) and described in Article 5 hereof (“Impairment and Treatment of Claims and Equity Interests”). A Claim or Equity Interest is placed in a particular Class for all purposes, including voting, confirmation, and Distribution under the Plan and under §§ 1122 and 1123(a)(1) of the Bankruptcy Code; *provided*, that a Claim or Equity Interest is placed in a particular Class for the purpose of receiving Distributions pursuant to the Plan only to the extent that such Claim or Equity Interest is an Allowed Claim or an Allowed Equity Interest in that Class and such Allowed Claim or Allowed Equity Interest has not been satisfied, released, or otherwise settled prior to the Effective Date.

4.2. Substantive Consolidation of the Debtors for Plan Purposes Only.

Pursuant to Article 7.1 of the Plan, the Plan provides for the substantive consolidation of the Debtors’ Estates into a single Estate for Plan purposes only and matters associated with voting on, Confirmation of, and Distributions under the Plan. As a result of the substantive consolidation of the Debtors’ Estates for these limited purposes, each Class of Claims against and Equity Interests in the Debtors will be treated as against a single consolidated Estate for such Plan purposes without regard to the corporate separateness of the Debtors.

4.3. Summary.

The following table designates the Classes of Claims against and Equity Interests in the Debtors and specifies which of those Classes are (a) Impaired or Unimpaired by the Plan and (b) entitled to vote to accept or reject the Plan in accordance with § 1126 of the Bankruptcy Code.

CLASS	DESIGNATION	STATUS	ENTITLED TO VOTE?
Class 1	Priority Claims	Unimpaired	No; Deemed to Accept Plan
Class 2	Secured Claims (consisting of sub-Classes 2A, 2B, and 2C)	Unimpaired	No; Deemed to Accept Plan
Class 3	General Unsecured Claims	Impaired	Yes; Entitled to Vote
Class 4	Landau Investor Claims	Impaired	Yes; Entitled to Vote
Class 5	Equity Interests in Debtors	Unimpaired	No; Deemed to Accept Plan

ARTICLE V

IMPAIRMENT AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

5.1. *Priority Claims (Class 1).*

(a) *Classification.* Class 1 consists of the Allowed Priority Claims.

(b) *Treatment.* Each Holder of an Allowed Priority Claim shall be paid in full, in Cash, on the later of the Effective Date or as soon as practicable after the date on which such Priority Claim becomes Allowed, in full settlement, satisfaction, release and discharge of an Allowed Priority Claim.

(c) *Voting.* Class 1 is Unimpaired. The Holders of Claims in Class 1 are deemed to accept the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

5.2. *Secured Claims (Class 2).*

(a) *Classification:* Class 2 (Subclasses 2A, 2B, and 2C) includes the Allowed Secured Claims against the Debtors. For the avoidance of doubt, Class 2 consists only of Secured Claims of: John Hancock Variable Life (sub-Class 2A); Lincoln National Life Insurance Co. (sub-Class 2B); and Ford Credit (sub-Class 2C). For all purposes under the Plan, each of the foregoing Allowed Secured Claims in Class 2 is a separate Secured Claim against the applicable Debtors. Accordingly, the Class of Secured Claims against a particular Debtor will be sub-divided into separate Classes as follows:

Class 2(A) — Claim of John Hancock Variable Life
 Class 2(B) — Claim of Lincoln National Life Insurance Co.
 Class 2(C) — Ford Credit

(b) *Nature and Treatment of Secured Claims:* As of the Petition Date, the amount of the Secured Claim of John Hancock Variable Life (Class 2A) is \$11,769.66 and is supported by collateral with a value of \$3,000,000.00. As of the Petition Date, the amount of the Secured Claim of Lincoln National life Insurance Co. (Class 2B) is \$300,739.71 and is supported by collateral with a value of \$1,500,000.00. As of the Petition Date, the amount of the Secured Claim of Ford Credit (Class 2C) is \$5,294.76 and is supported by collateral with a value of \$22,000.00. Except to the extent that a Holder of an Allowed Secured Claim against any of the Debtors agrees to a less favorable treatment of such Claim, in full and final satisfaction of such Allowed Secured Claim, at the option of the Investment Trustee, (i) each such Holder shall receive payment in Cash in an amount equal to such Claim, payable on the later of the Effective Date and the date that is ten (10) Business Days after the date on which such Secured Claim becomes an Allowed Secured Claim, in each case, or as soon as reasonably practicable thereafter; (ii) such Holder's Allowed Secured Claim shall be cured and reinstated or otherwise treated as provided in Section 1124 of the Bankruptcy Code; (iii) a Distribution of the proceeds of the sale or disposition of the collateral securing such Allowed Secured, upon maturity of such collateral, solely to the extent of the value of the Holder's secured interest in such collateral; or (iv) such Holder shall receive such other treatment so as to render such Holder's Allowed Secured Claim Unimpaired pursuant to Section 1124 of the Bankruptcy Code.

(c) *Voting:* Class 2 is Unimpaired, and the Holders of Secured Claims are conclusively presumed to have accepted the Plan pursuant to § 1126(f) of the Bankruptcy Code. Therefore, Holders of Secured Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Secured Claims.

5.3. *General Unsecured Claims (Class 3).*

(a) *Classification.* Class 3 consists of General Unsecured Claims, as defined herein as consisting of Investor Claims, Lapolla Investor Claims, and any other pre-petition Claim as of the Petition Date that is not an Administrative Expense Claim (including, a Professional Claim), a DIP Claim, a Priority Tax Claim, a Priority Claim, a Landau Investor Claim, or a Secured Claim. Class 3 is impaired by the Plan. Each Holder of an Allowed General Unsecured Claim in Class 3 is entitled to vote to accept or reject the Plan.

(b) *Treatment.* Except to the extent that a Holder of an Allowed General Unsecured Claim has been paid by the Debtors or otherwise resolved prior to the Effective Date, or agrees to a less favorable classification and treatment, each Holder of an Allowed General Unsecured Claim shall have the option of electing one of the following three (3)

treatments of its Allowed General Unsecured Claim by checking the appropriate box on its Ballot, each of which will be treated as a vote to accept the Plan:

- (1) *Option 1—Investment Trust Election.* Holders of an Allowed General Unsecured Claim may, in full and final satisfaction of such claim, exchange, transfer, and assign their respective Allowed General Unsecured Claims to the Investment Trust and thereby elect to become an Investment Trust Elector. In exchange for the contribution of the General Unsecured Claim to the Investment Trust, the Investment Trust Elector (A) will receive Investment Trust Shares in the Investment Trust equal to one Investment Share for every \$1.00 of such Investment Trust Elector's Allowed Class 3 Claim or Claims; (B) will be relieved of all payment obligations for Policy premiums and the servicing fees relating to the Policies due for periods from and after the Petition Date; and (C) will be subject to the Investment Trust's right of setoff for any unpaid Pre-Petition Default Amount. Consistent with Article 10.4 of the Plan, the Investment Trustee may set off from any Distribution called for on account of any Investment Trust Share an amount equal in value to any Prepetition Default Amount that any Debtor may hold against the Holder of any such Investment Trust Share. Each Holder of an Allowed Class 3 Claim may elect the Investment Trust Election by making such election on the Ballot to be provided to the Holders of Allowed Class 3 Claims entitled to vote to accept or reject the Plan.
- (2) *Option 2—Cash-Out Election.* Each Holder of an Allowed Class 3 Claim may elect the Cash-Out Election on such Holder's Class 3 Ballot and thereby elect to become a Cash-Out Elector. By making the Cash-Out Election, each Cash-Out Elector will first exchange, transfer, and assign their Allowed General Unsecured Claim to the Investment Trust and will receive one (1) Investment Trust Share for every dollar of its Allowed General Unsecured Claim. Each Cash-Out Elector who makes the Cash-Out Election on their Class 3 Ballot will then sell, assign, and transfer their Investment Trust Shares to ASM and, in exchange, receive from ASM a lump-sum of Cash within ten (10) days after the Effective Date equal to [x] for each \$1.00 of such Cash-Out Elector's Allowed Class 3 Claim. In exchange, ASM will be assigned Investment Trust Shares in the Investment Trust equal to one Investment Share for every \$1.00 of such Holder's Allowed Class 3 Claim or Claims acquired by ASM in the Cash-Out Election. Except for ASM, each Holder of an Allowed Class 3 Claim who elects the Cash-Out Election will be subject to the Investment Trust's right of setoff for any unpaid Pre-Petition Default Amount. Each Holder of an Allowed Class 3 Claim may elect the Cash-Out Election by making such Cash-Out Election on the Ballot to be provided to the Holders of Allowed Class 3 Claims entitled to vote to accept or reject the Plan; *provided, however, that the Cash-Out Election is not available* to any Holder of an Allowed Class 3 Claim against whom the Debtors', whether

individually or collectively, right to setoff exceeds the total amount of Cash to be paid by ASM to the Cash-Out Elector.

- (3) *Option 3—Hybrid Election.* Each Holder of an Allowed Class 3 Claim may elect the Hybrid Election on such Holder's Class 3 Ballot and thereby elect to become a Hybrid Elector. By making the Hybrid Election, each Hybrid Elector will first exchange, transfer, and assign their Allowed General Unsecured Claim to the Investment Trust and will receive one (1) Investment Trust Share for every dollar of its Allowed General Unsecured Claim. Then, by making the Hybrid Election, each Hybrid Elector will (i) exchange, transfer, and assign fifty (50%) percent of such Hybrid Elector's Allowed Class 3 Claim to the Investment Trust for Investment Trust Shares as provided in Article 5.3(b)(1), and (ii) sell, assign, and transfer the remaining fifty (50%) percent of such Hybrid Elector's Investment Trust Shares to ASM and, in exchange, receive from ASM a lump-sum payment in Cash in an amount equal to [X] for each \$1.00 of fifty (50%) percent of the Holder's Allowed Claim as provided in Article 5.3(b)(2) above. In exchange for the sale, assignment, and transfer of the Investment Trust Shares to ASM, ASM will be assigned Investment Trust Shares in the Investment Trust equal to one Investment Share for every \$1.00 for fifty (50%) percent of such Holder's Allowed Class 3 Claim or Claims acquired by ASM in the Hybrid Election. Except for ASM, each Holder of an Allowed Class 3 Claim who elects the Hybrid Election will be subject to the Investment Trust's right of setoff for any unpaid Pre-Petition Default Amount. Each Holder of an Allowed Class 3 Claim may elect the Hybrid Election by making such election on the Ballot to be provided to the Holders of Allowed Class 3 Claims entitled to vote to accept or reject the Plan; *provided, however*, that the Hybrid Election is not available to any Holder of an Allowed Class 3 Claim against whom the Debtors', whether individually or collectively, right to setoff exceeds the total amount of Cash to be paid by ASM to the Hybrid Elector.

For the avoidance of doubt, ASM shall be assigned Investment Trust Shares equal to one Investment Share for every \$1.00 up to the amount of each Holder's Allowed Claim sold, assigned and transferred to ASM pursuant to the Option 2-Cash Out Election or Option 3-Hybrid Election. Any Allowed Class 3 Claims or portions thereof or Investment Trust Shares acquired by ASM shall not be subject to the Debtor's or Investment Trust's rights of setoff.

(c) *Voting.* Class 3 is Impaired. The Holders of Claims in Class 3 are entitled to vote to accept or reject the Plan.

(d) *Failure to Make Election on Ballot by Holders of Allowed Class 3 Claims.* A Holder of an Allowed Class 3 Claim (including any Disputed Claim which subsequently becomes Allowed) who does not select one of the foregoing three (3) options on its

Ballot for treatment of its Allowed Claim shall be deemed to have selected Option 1 above and made an Investment Trust Election for treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each such Allowed Claim in Class 3.

(e) *Rejection of Investment Contracts.* Pursuant to Article 12 of this Plan, and in accordance with Sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all unexpired leases and executory contracts, including the Investment Contracts, that existed between the Debtors and any Person are **rejected** by the Debtors as of the Effective Date of the Plan; provided that, however, all of the Policies are treated as executory contracts under the Plan and will be assumed by the Debtors, effective as of the Effective Date and assigned to the Investment Trust.

(f) *Waiver of Claims Based on Rejection of Executory Contracts.* In full and final satisfaction, settlement, release, and discharge of, and in exchange for, treatment as a Class 3 Allowed Claim, each Holder of a Class 3 Allowed Claim (whether or not such Holder votes on, or in favor of, the Plan) upon Confirmation of the Plan, shall be deemed to fully, completely, unconditionally, irrevocably, and forever release the Debtors, the Estates, the Reorganized Debtors, and the Investment Trust of and from any Claim, Causes of Action, debts, obligations, rights, suits, damages, actions, remedies, and liabilities whatsoever, whether known or unknown, resulting from or relating to the rejection of any executory contract, including any Investment Contract, pursuant to the terms of this Plan.

5.4. *Landau Creditor Claims (Class 4)*

(a) *Classification.* Class 4 consists of Holders of Landau Investor Claims.

(b) *Treatment.* In full and final satisfaction, settlement, release, and discharge of, and in exchange for, treatment as a Class 4 Allowed Claim, and except to the extent that a Holder of an Allowed Landau Investor Claim against any of the Debtors agrees to a less favorable treatment of such Claim or has been paid before the Effective Date, the Holder of an Allowed Landau Investor Claim shall receive from the Investment Trustee a Distribution in the amount equal to such Holder's contractual right to a Fractional Interest of the Maturity Funds derived from the Landau Policy *minus* a three percent (3%) administration fee to the Investment Trust, *minus* a 2% service fee, and *minus* any unpaid Pre-Petition Default Amount owed by such Holder.

(c) *Voting.* Class 4 is Impaired. The Holders of Claims in Class 4 are entitled to vote to accept or reject the Plan.

5.5. *Equity Interests (Class 5).*

(a) *Classification.* Class 5 consists of Equity Interests in each of the Debtors.

(b) *Treatment*. Class 5 is unimpaired and, on the Effective Date, at the sole option of the Reorganized Debtors and free and all clear of all Liens, Claims, interests, and encumbrances, either (i) the equity interests in the reorganized Debtors shall be reissued to the current Holders of the Equity Interests in their current proportionate shares (if applicable), or (ii) all existing Equity Interests of the Debtors will be extinguished and terminate for all purposes whatsoever, and no right, title, claim or interest arising out of or in connection with the existing Equity Interests in the Debtors shall survive the Effective Date or asserted against the Debtors, Reorganized Debtors, or the Investment Trust, and the Reorganized Debtors will issue 100% of their equity interests to current Holders of the Equity Interests in their current proportionate shares (if applicable).

(c) *Voting*. Class 5 is unimpaired by the Plan and the Holders of Equity Interests are conclusively presumed to have accepted the Plan pursuant to § 1126(f) of the Bankruptcy Code. Therefore, Holders of Equity Interests are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited.

5.6. Confirmation Pursuant to Bankruptcy Code §§ 1129(a)(10) and 1129(b).

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by one or more of the Classes entitled to vote pursuant to this Article IV. The Plan Proponents shall seek Confirmation of the Plan pursuant to § 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Equity Interests.

ARTICLE VI

ACCEPTANCE, REJECTION, AMENDMENT AND REVOCATION OR WITHDRAWAL OF THE PLAN

6.1. Classes Entitled to Vote.

Each Holder of an Allowed Claim, as of the Voting Record Date, in an Impaired Class, other than those Classes that are deemed to reject the Plan, shall be entitled to vote to accept or reject the Plan, in its sole and absolute discretion, subject to applicable law.

Classes 1, 2, and 5 are Unimpaired by the Plan. Under section 1126(f) of the Bankruptcy Code, Holders of Allowed Claims and/or Equity Interests in Classes 1, 2 and Class 5 are conclusively deemed to accept the Plan, and thus the votes of the Holders of such Claims will not be solicited by the Debtors.

Class 3 and Class 4 of the Plan are Impaired by the Plan and are therefore entitled to vote to accept or reject the Plan. Accordingly, only the votes of Holders of Allowed Claims in Class 3 and Class 4 of the Plan will be solicited with respect to the Plan.

6.2. *Acceptance by Class of Claims.* An Impaired Class of Claims shall be deemed to accept the Plan if (a) Holders (other than any Holder designated under § 1126(e) of the Bankruptcy Code) of at least two-thirds in dollar amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (b) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

6.3. *Nonconsensual Confirmation.* If any Class of Claims entitled to vote shall not accept the Plan by the requisite statutory majority required by section 1129(a) of the Bankruptcy Code, the Plan Proponents reserve the right to (a) request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code with respect to such non-accepting Class, in which case the Plan shall constitute a motion for such relief, or (b) alter, amend or modify the Plan.

6.4. *Revocation or Withdrawal; No Admissions.*

(a) *Right to Revoke or Withdraw.* The Plan may be revoked or withdrawn prior to the Confirmation Date by the Plan Proponents in their sole discretion.

(b) *Effect of Withdrawal or Revocation; No Admissions.* If the Plan is revoked or withdrawn prior to the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims or defenses or any admission or statement against interest by any Debtor or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving any Debtor.

6.5. *Amendment of Plan Documents.* From and after the Effective Date, the authority to amend, modify, or supplement the Plan Supplement, the Exhibits to the Plan Supplement and the Exhibits to the Plan and any documents attached to such Plan Supplement, Exhibits to the Plan Supplement and Exhibits to the Plan shall be as provided in such Plan Supplement, Exhibits to the Plan Supplement and Exhibits to the Plan and their respective attachments.

ARTICLE VII

MEANS OF IMPLEMENTING THE PLAN

7.1. *Consolidation for Voting and Distribution Purposes.*

The Plan treats the Debtors as comprising a single Estate solely for the purposes of classification of Claims, voting on the Plan, confirmation of the Plan, and making Distributions under the Plan with respect to Allowed Claims against the Debtors. Such treatment shall not affect any Debtor's status as a separate legal entity, change the organization structure of the Debtors' business enterprise, constitute a change of control of any Debtor for any purpose, cause a merger or consolidation of any legal entities, cause the transfer of any assets, nor result in the substantive consolidation of the Debtors; and, except as otherwise provided by or permitted in the Plan, all Debtors shall continue to exist as separate legal entities. Such treatment shall also

not affect any Cause of Action available to any Debtor or the Debtors' Estates. The above-described treatment serves only as a mechanism to effect a fair distribution of value to the Holders of Allowed Claims.

The Plan shall be deemed to be a motion, pursuant to Bankruptcy Rule 9013, by the Debtors for limited and partial substantive consolidation with respect to the Plan as set forth herein. Any objection by an affected Creditor to such consolidation shall be treated as an objection to Confirmation and shall be determined by the Bankruptcy Court at the Confirmation hearing. Failure to timely object to such limited or partial substantive consolidation may result in consolidation of the Debtors in accordance herewith, without further hearing.

The substantive consolidation effected pursuant to this Article shall not affect, without limitation: any (a) Claim(s) or Cause(s) of Action, including, without limitation, any of the Debtor's or the Investment Trust's defenses thereto or their ability to assert any counterclaim; (b) the Debtor's or the Investment Trust's setoff or recoupment rights, or (c) the requirements for any third party to establish mutuality prior to the Debtors' or the Estates' substantive consolidation in order to assert a right of setoff against the Debtors, the Investment Trust, or the Estates.

7.2. Operation of the Cash-Out Election and the Hybrid Election.

Consistent with Article 5.3 of the Plan, in exchange for making the Cash-Out Election or the Hybrid Election, each Cash-Out Elector or Hybrid Elector, as the case may be, is entitled to receive Cash in the amount equal to [X] for each \$1.00 of such Cash-Out Elector's Allowed Claim or 50% of such Hybrid Elector's Allowed Claim. The decision to make the Cash-Out Election or the Hybrid Election is irrevocable. Prior to the Effective Date, the Debtors will examine all timely-submitted Ballots and will identify those Holders of Class 3 Claims who made the Cash-Out Election and the Hybrid Election. On or before the seventh (7th) day before the Effective Date, the Debtors will provide to ASM a complete report of such Holders of Allowed Claims in Class 3 who have successfully made the Cash-Out Election and the Hybrid Election. On or before the third (3rd) day before the Effective Date, but in no event before May 1, 2017, ASM shall remit or transfer to the Debtors, for inclusion in the Investment Trust on the Effective Date, the total aggregate Cash necessary to fully fund the Distributions to Cash-Out Electors and the Hybrid Electors who have timely-submitted Ballots and who made the Cash-Out Election and the Hybrid Election available under this Plan (the "Cash Out Payment"). Within ten (10) business days after the Effective Date, the Investment Trustee shall cause the Cash Out Payment to be transferred to those Holders of Allowed Class 3 Claims who made the Cash Out Election or Hybrid Election in exchange for the transfer and assignment of such Holder's claims (or 50% portion thereof) to ASM or their designee and to otherwise consummate the Cash Out Election and Hybrid Election. Upon completion of the Cash Out Election and Hybrid Election, the Investment Trustee shall cause Investment Trust Shares to be issued to ASM in respect of the Allowed Class 3 Claims acquired by ASM pursuant to the Cash Out Election and Hybrid Election.

7.3. Comprehensive Compromise and Settlement of Claims, Interests, and Controversies.

Pursuant to §§ 363 and 1123(b)(2) of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the Distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of Claims, Equity Interests, and controversies relating to the contractual, legal, and subordination rights that a Creditor or an Equity Interest Holder may have with respect to any Allowed Claim or Equity Interest or any Distribution to be made on account of such Allowed Claim or Equity Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Equity Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and Holders of such Claims and Equity Interests, and is fair, equitable, and reasonable.

7.4. *Exit Facility.*

(a) On the Effective Date, in accordance with, and subject to, the terms and conditions of the Exit Facility Documents, the Investment Trust will enter into the Exit Facility without the need for any further corporate action and without further action by the Holders of Claims or Equity Interests. Consistent with Article 3.5 of the Plan, DIP Facility will be assumed, extended and restated with the proceeds of the Exit Facility, with terms and conditions to be negotiated that will be acceptable to the Plan Proponents and the Investment Trust. The proceeds issued or deemed issued under the Exit Facility shall be used to (i) fund Distributions under the Plan, (ii) pay the Professional Claims and the Post Confirmation Administrative Claims in full in accordance with Article 3 of the Plan, (iii) fund other Distributions, costs, and expenses contemplated by the Plan, and (iv) fund general working capital and for general corporate purposes of the Investment Trust, subject to the terms of the Exit Facility Documents.

(b) On the Effective Date, the Exit Facility Documents shall be executed and delivered substantially on the terms and conditions set forth in the Exit Facility Term Sheet, with such modifications to which the Debtors, the Committees, and the Investment Trust may agree. All Liens and security interests granted pursuant to the Exit Facility Documents shall be (i) valid, binding, perfected, and enforceable first priority Liens and security interests in the personal and real property described in the Exit Facility Documents non- bankruptcy law and (ii) not subject to avoidance, re-characterization, reclassification, or subordination under any applicable law. The Investment Trust and the Exit Lender are authorized to make all filings and recordings, and to obtain all approvals and consents necessary to establish, attach and perfect such Liens and security interests under any applicable law, and will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens and security interest to third parties, including the execution of collateral assignments reflecting the Liens on each Policy.

(c) Investment Trustee shall be authorized to execute, deliver, and enter into and perform under the Exit Facility Documents without the need for any further corporate or limited liability company action and without further action by the Holders of Claims or Equity Interests.

7.5. *Intercompany Claims.* Except as otherwise provided in the Plan, Intercompany Claims held by one Debtor against another Debtor shall, solely for purposes of receiving Distributions under the Plan, be deemed waived, released and Disallowed, such that no such Intercompany Claim owed from one Debtor to another Debtor shall receive a Distribution under the Plan or otherwise participate in the Investment Trust, and the applicable Debtor shall not be entitled to vote on the Plan in connection therewith.

7.6. *Section 1146 Exemption.* Pursuant to § 1146 of the Bankruptcy Code, the issuance, distribution, transfer or exchange of any equity security or notes, or the creation, making, assignment delivery or recording of any mortgage, deed of trust, instrument of transfer, pursuant to, in implementation of or as contemplated by the Plan or any Plan Document, or the vesting, re-vesting, transfer or sale of any property of, by or in the Debtors, their Estates, the Investment Trust, or Reorganized Debtors pursuant to, in implementation of or as contemplated by the Plan or any Plan Document, or any transaction arising out of, contemplated by or in any way related to the foregoing, including the execution of the Exit Facility Documents, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangible or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, sales and use Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, and the appropriate state or local governmental officials or agents shall, by the Confirmation Order, be directed to forego the collection of any such tax or governmental assessment and to accept for filing and recording any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

7.7. *Corporate Action.*

All actions contemplated to be performed by the Debtors or the Reorganized Debtors pursuant to the Plan, or any corporate action to be taken by or required of the Debtors or the Reorganized Debtors, shall, as of the Effective Date, be deemed to have occurred and be effective as provided herein, and shall be authorized and approved in all respects without any requirement for further action by the shareholders, partners, members or managers of the Debtors or the Reorganized Debtors. All Persons, the Reorganized Debtors, Governmental Units, title agencies, licensing agencies and offices of recordation may rely upon the authority vested in the Debtors' officers, or managers to act on the Debtors' behalf in order to effectuate the Plan and the transactions contemplated herein.

7.8. *Vesting of Assets.*

Upon the Effective Date of the Plan, pursuant to § 1141(b) and (c) of the Bankruptcy Code, all Investment Trust Assets shall vest in the Investment Trust free and clear of all claims liens, encumbrances and charges and other interest except the liens and security interest granted to secure DIP Facility, and Reorganized Debtor Assets shall vest in the Reorganized Debtors, free and clear of all claims, liens, encumbrances, charges, and other interests, except as provided in the Plan or the Confirmation Order. From and after the Effective Date, the Reorganized Debtors may operate the Debtors' business and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending case under any chapter or provision of the Bankruptcy

Code. Except as otherwise provided in the Plan, on the Effective Date, title to all assets and properties and interests in property dealt with by the Plan shall vest in the Investment Trust or the Reorganized Debtors, as provided in this Plan, free and clear of all Claims, Equity Interests, Liens, encumbrances, charges, and other interests, except for the liens and security interest granted to secure the DIP Facility which shall be assigned, extended and restated by the Exit Facility Documents, and the Confirmation Order shall be a judicial determination of discharge of the liabilities of the Debtors arising prior to the Effective Date, except as may be otherwise provided in the Plan.

7.9. Surrender and Cancellation of Notes, Instruments, Certificates, and Other Documents Evidencing Claims.

On the Effective Date, except to the extent otherwise provided in the Plan, all notes, instruments, certificates, and other documents evidencing Claims will be cancelled and the obligations of the Debtors discharged in accordance with § 1141(d)(1) of the Bankruptcy Code, except for the DIP Facility which shall be assumed, extended and restated by the Exit Facility Documents.

7.10. Re-Vesting of Equity Interests or Issuance of New Equity in the Reorganized Debtors.

On the Effective Date, at the sole option of the Reorganized Debtors and free and clear of all Liens, Claims, interests and encumbrances, either (i) the Equity Interests shall re-vest in the current Holders of the Equity Interests in their current proportionate shares (if applicable), or (ii) all existing Equity Interests of the Debtors will be extinguished and terminate for all purposes whatsoever, and no right, title, claim or interest arising out of or in connection with the existing Equity Interests in the Debtors shall survive the Effective Date or be asserted against the Debtors, Reorganized Debtors, or otherwise, and the Reorganized Debtors will issue 100% of their equity interests to current Holders of the Equity Interests in their current proportionate shares (if applicable).

7.11. Operations of the Debtors Between the Confirmation Date and the Effective Date

The Debtors shall continue to operate as debtors-in-possession during the period from the Confirmation Date through and until the Effective Date. The retention and employment of the Professionals retained by the Debtors shall terminate as of the Effective Date, provided, however, that the Debtors shall be deemed to exist, and their Professionals shall be retained, after such date only with respect to applications (if any) filed pursuant to sections 330 and 331 of the Bankruptcy Code.

7.12. Continued Corporate Existence of the Reorganized Debtors After the Effective Date.

(a) Except as otherwise provided in the Plan, the Debtors shall continue to exist after the Effective Date as Reorganized Debtors in accordance with the applicable laws of the respective jurisdictions in which they are incorporated or organized and pursuant to its certificate of incorporation and bylaws or other organizational documents in effect before

the Effective Date, except to the extent such certificate of incorporation or bylaws (or other formation documents in the case of a limited liability company or limited partnership) are amended by the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be authorized pursuant hereto and without the need for any other approvals, authorizations, actions or consents.

(b) Notwithstanding, each of the Debtors or Reorganized Debtors may change its status of incorporation or alter its corporate structure or business form (either through a merger, consolidation, restructuring, conversion, disposition, liquidation, dissolution, or otherwise) on or after the Effective Date as may be determined by the Debtors to be appropriate. In each case in which the surviving, resulting, or acquiring company in any such transaction is a successor to a Debtor, such successor company shall perform the obligations of the applicable Debtor under the Plan, if any.

(c) The Reorganized Debtors shall file federal income tax returns for the Debtors for the 2016 and 2017 tax years.

7.13. *Amendment of Governance Documents.*

As of the Effective Date, and without any further action by the stockholders, directors or members of each Debtor or the Reorganized Debtors, and to the extent necessary to comply with § 1123(a)(6) of the Bankruptcy Code, the Debtors' articles of incorporation and by-laws (or analogous governance documents) shall be amended and restated, in form and substance consistent with the Plan, to provide for, among other things, (i) to provide for such provisions, terms, and conditions necessary to comply, conform with, authorize and implement the terms, conditions, requirements, and all acts necessary to implement the Plan, including the issuance of the common stock or similar equity interests in the Reorganized Debtors (constituting 100% of the issued and outstanding capital stock of the Reorganized Debtors, to be issued under the Plan) and (ii) to prohibit the issuance of nonvoting equity securities. The officers of the Reorganized Debtors are authorized to file such articles of incorporation and by-laws (or analogous governance documents) with the appropriate authority(ies) without shareholder approval or any other action. After the Effective Date, the Reorganized Debtors may amend and/or restate its articles of incorporation and by-laws as permitted under applicable law.

7.14. *Officers and Boards of Directors.*

(a) Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, as of the Effective Date, the directors, officers, partners, members and managers, as the case may be, of each of the Debtors immediately prior to the Effective Date shall be deemed to be the directors, officers, partners, members and managers, as the case may be, of each of the Reorganized Debtors without any further action by any party. Pursuant to § 1129(a)(5) of the Bankruptcy Code, the Debtors have disclosed, in the Disclosure Statement or the Plan Supplement, the identity and affiliation of any individuals proposed to serve as the initial partners, members and managers of the Reorganized Debtors.

(b) On and after the Effective Date, the operations of the Reorganized Debtors shall continue to be the responsibility of its directors, officers, partners, members and managers, as the case may be, or as set forth in the applicable existing organizational or operational documents of each of the Debtors. Each director, officer, partner, member and manager, as applicable, of the Reorganized Debtors shall serve from and after the Effective Date until his or her successor is duly elected or appointed and qualified or until his or her earlier death, resignation or removal in accordance with the applicable articles or certificate of incorporation, operating agreement or other organizational documents of the Reorganized Debtors.

(c) From and after the Confirmation Date, the directors, officers, partners, members and managers, as applicable, of the Debtors and the Reorganized Debtors, as the case may be, shall have all powers accorded by law to put into effect and carry out the Plan and the Confirmation Order.

7.15. *Effectuating Documents and Further Transactions.* On or before the Effective Date, and without the need for any further order or authority, the Debtors shall file with the Bankruptcy Court or execute, as appropriate, such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors, the Reorganized Debtors, the Investment Trustee, and any other necessary party, as applicable, shall perform all actions reasonably contemplated regarding the implementation of the Plan. The Investment Trust and each of the directors, officers, partners, members and managers, as the case may be, of the Debtors and the Reorganized Debtors is authorized, without the need for any further order or authority, (i) to execute, deliver, file, or record such contracts, instruments, releases, indentures, mortgages, and other agreements or documents and take such actions as may be necessary or appropriate to implement or consummate the Plan, notes or securities issued pursuant to the Plan including specifically the execution of the Exit Facility Documents, and (ii) to undertake any other action on behalf of the Debtors to implement or consummate the Plan. Each of the matters provided for under the Plan involving the corporate structure of the Debtors or corporate action to be taken by or required of any Debtor will, as of the Effective Date, be deemed to have occurred and be effective as provided herein, and shall be authorized, approved, and (to the extent taken before the Effective Date) ratified in all respects without any requirement of further action by any stockholder, creditor, or director of the Debtor.

7.16. *Nonconsensual Confirmation.* The Plan Proponents intend to undertake to have the Bankruptcy Court confirm the Plan under §1129(b) of the Bankruptcy Code as to any Classes that reject or are deemed to reject the Plan.

7.17. *Notice of Effective Date.* On the Effective Date, the Debtors shall file a notice of the occurrence of the Effective Date with the Bankruptcy Court.

7.18. *Separability.* Notwithstanding anything to the contrary, the Plan constitutes a separate chapter 11 plan for each Debtor. Accordingly, and subject to the Plan Proponents' consent, if the Bankruptcy Court does not confirm the Plan with respect to one or more Debtors, it may still confirm the Plan, if appropriate, with respect to any other Debtor that satisfies the confirmation requirements of § 1129 of the Bankruptcy Code.

7.19. **Section 1145 Determination.** Debtors believe that the offer, purchase, sale and issuance of securities under the Plan is exempt from the registration requirements under state and federal securities laws.

ARTICLE VIII

INVESTMENT TRUST, THE INVESTMENT TRUSTEE, AND THE TRUST BOARD

8.1. *Creation and Operation of the Investment Trust.*

The Investment Trust shall be created upon entry of the Confirmation Order pursuant to the Investment Trust Agreement for the purpose of, *inter alia*, administering the Investment Trust Assets, pursuing Causes of Action, and making Distributions under the Plan.

The Investment Trust shall be created for the primary purpose of liquidating and collecting on assets transferred to it, with no objective to continue to engage in the conduct of a trade or business except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Investment Trust. The Estates will treat the transfer of Investment Trust Assets to the Investment Trust for all purposes of the Internal Revenue Code as a transfer to beneficiaries to the extent that the Holders of Allowed Class 3 Claims are the beneficiaries of the Investment Trust. Accordingly, the transfer will be treated as a deemed transfer to the beneficiary-creditors followed by a deemed transfer by the beneficiary-creditors to the Investment Trust. The beneficiaries of the trust will be treated as the trust grantors and deemed owners of the Investment Trust.

The Investment Trustee will file tax returns for the Investment Trust as a grantor trust in accordance with IRC Reg. Sec. 1.671-4(a). In addition, the Investment Trustee will provide for consistent valuation of property transferred to the Investment Trust and those valuations must be used for all federal income tax purposes by the Estates, the Investment Trust and the beneficiaries.

The Investment Trustee shall be responsible for making Distributions under the Plan after the Effective Date. In making Distributions under the Plan, the Investment Trustee will comply with all withholding and reporting requirements imposed by federal, state or local taxing authorities. All Distributions pursuant to the Plan will be subject to all applicable withholding and reporting requirements.

The Investment Trust may require any Holder of an Investment Trust Share entitled to a Distribution under the Plan to complete any form or forms required by the IRS (“IRS Forms”) and furnish its, his or her employer or taxpayer identification number (the “TIN”) assigned by the Internal Revenue Service. Any Distribution under the Plan may be conditioned on the receipt of such IRS Forms and TIN. If any such Holder entitled to a Distribution hereunder fails to provide a requested IRS Forms and TIN within ninety (120) days after written request thereof, then such failure shall be deemed to be a waiver of such Holder’s interest in any future Distributions, including the right to receive any future Distributions.

8.2. *The Vesting of Investment Trust Assets*

On the Effective Date of the Plan (i) the Investment Trust Assets shall vest in, and be transferred to, the Investment Trust, which Investment Trust shall constitute, be appointed as and be deemed a representative of the Estates pursuant to and in accordance with the terms of Section 1123(b)(3)(B) of the Bankruptcy Code solely for the benefit of all Holders of Investment Trust Shares with respect to, among other things, the Investment Trust Assets, and (ii) the Investment Trust, through the Investment Trustee, is and shall be authorized and appointed to liquidate the Invested Trust Assets and to investigate, prosecute, enforce, pursue and settle, and continue to investigate, prosecute, enforce, pursue and settle, the liquidation of such Investment Trust Assets, including Causes of Action as a representative of the Estates pursuant to and in accordance with the terms of Section 1123(b)(3)(B) of the Bankruptcy Code solely for the benefit of all Holders of Investment Trust Shares.

NOTWITHSTANDING ANYTHING IN THE PLAN TO THE CONTRARY, THE VESTING IN AND TRANSFER OF THE INVESTMENT TRUST ASSETS TO THE INVESTMENT TRUST SHALL BE FREE AND CLEAR OF ANY AND ALL LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS OF ANY KIND WHATSOEVER, EXCEPT FOR THE LIENS AND SECURITY INTEREST GRANTED TO SECURE THE DIP FACILITY WHICH SHALL BE ASSUMED EXTENDED AND RESTATED BY THE EXIT FACILITY DOCUMENTS AND AS EXPRESSLY PRESERVED AND PROVIDED FOR IN THE PLAN AND THE CONFIRMATION ORDER.

NOTWITHSTANDING ANYTHING IN THE PLAN TO THE CONTRARY, ENTRY OF A CONFIRMATION ORDER SHALL DIVEST THE DEBTORS OF ANY AND ALL RIGHT, TITLE AND/OR INTEREST IN THE INVESTMENT TRUST ASSETS, SUCH THAT THE DEBTORS AND THE REORGANIZED DEBTORS SHALL NOT HAVE ANY RIGHTS OR AUTHORITY IN RESPECT OF ANY INVESTMENT TRUST ASSETS VESTED IN THE INVESTMENT TRUST.

8.3. ***The Investment Trust Agreement.*** The Investment Trust Agreement shall conform to the terms of this Plan, and to the extent that the Investment Trust Agreement is inconsistent with this Plan or the Confirmation Order, the terms of this Plan or the Confirmation Order, as the case may be, shall govern.

8.4. ***The Investment Trustee.***

(a) *The Investment Trustee.* The Investment Trustee under the Investment Trust is Margaret J. Smith of GlassRatner Advisory & Capital Group.

(b) *Authority and Responsibilities of Investment Trustee.*

- i. The Investment Trustee shall retain and have all the rights, powers, and duties necessary to carry out her responsibilities under this Plan and the Investment

Trust Agreement. The Investment Trustee shall be the exclusive trustee of the Investment Trust Assets for the purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3), as well as the representative of the Estates appointed pursuant to § 1123(b)(3)(B) of the Bankruptcy Code. Specifically, the Investment Trustee shall act in a fiduciary capacity for the Holders of all Investment Trust Shares and shall have only those rights, powers and duties conferred to her by the Plan and the Investment Trust Agreement, as well as the rights and powers of a trustee under sections 542 through 552 of the Bankruptcy Code and the duties of a trustee under sections 704(1),(2),(4),(5),(7) and (9) of the Bankruptcy Code. Confirmation of the Plan shall constitute and confirm the appointment of the Investment Trustee, including to (a) exercise the rights, power and authority of the Investment Trust under the applicable provisions of the Plan and bankruptcy and non-bankruptcy law, and (b) otherwise implement the Plan, wind up the affairs of the Estates and the Investment Trust, and close the Chapter 11 Cases. In addition, the Investment Trustee shall be authorized to retain Post-Confirmation Professionals in the exercise of her business judgment to represent the Investment Trust in performing and implementing the Plan and the Investment Trustee's duties under the Plan, including to pursue Causes of Action and in respect of any issue, proceeding, claim or cause of action.

- ii. The Investment Trustee shall have the authority and responsibility set forth in this Plan and in the Investment Trust Agreement, including, without limitation: (i) the payment of all premiums associated with the Policies contributed to the Investment Trust on or after the entry of the Effective Date, including the maintenance of the Premium Reserve required by the Investment Trust Agreement; (ii) execute all Exit Facility Documents and take all action in accordance therewith (iii) resolving any dispute relating to whether the Pre-Petition Default Amount due from any Investor, Landau Investor, and/or Lapolla Investor is owing or is in the correct amount; (iv) enforcing the Investment Trust's rights under this Plan and the Investment Trust Agreement; (v) administering and enforcing the Investment Trust's rights and obligations under the Servicing Agreement and/or the Exit Facility Documents; (vi) appointing, replacing and directing third party service providers to serve as record owner or beneficiary of record for any or all of the Policies; (vii) paying all Allowed Administrative Claims, Allowed Priority Claims (including Allowed Priority Tax Claims) and any other expenses payable by the Debtors or their Estates that remain unpaid as of the Effective Date or are first Allowed or become payable after the Effective Date; (viii) evaluating Policies after the Effective Date to determine whether the Investment Trustee should exercise the rights provided under this Plan and the terms of the Investment Trust Agreement; and (ix) hiring, employing, or retaining the Servicing Company, consistent with the terms of the Servicing Agreement.
- iii. In addition and except as otherwise specifically preserved herein, the Investment Trust, through the Investment Trustee, will have authority to take all actions

necessary to: (a) hold, manage, protect, administer, collect, sell, liquidate, prosecute, transfer, resolve, settle, adjust, invest, distribute, or otherwise dispose of any Investment Trust Assets subject to the terms of the Exit Facility Documents; (b) reconcile Claims and contest objectionable Claims and Disputed Claims; (c) make all Distributions to be funded under the Plan; (d) pay all necessary expenses incurred in connection with the duties and responsibilities of the Investment Trustee under the Plan, and to borrow funds if and to the extent necessary to do so; (e) administer, implement and enforce all provisions of the Plan applicable to the Investment Trust; (f) file tax returns and make other related corporate filings related to the Debtors; (g) administer the Plan and the Investment Trust Assets; (h) abandon any of the Investment Trust Assets, (i) to invest Cash in accordance with Section 345 of the Bankruptcy Code or otherwise as permitted by order of the Bankruptcy Court, (j) to purchase and carry all insurance policies and pay all premiums and costs deemed necessary and advisable, and (k) undertake such other responsibilities as are reasonable and appropriate in connection with the Plan.

- iv. The Investment Trust, through the Investment Trustee, shall have the right to prepare, file, assert, commence, prosecute and settle, or continue to prosecute in the case of existing actions, any and all Causes of Action and shall be substituted as the real party in interest in any such actions commenced or by or against the Debtors. The Investment Trustee shall prosecute or defend, as appropriate, such actions through final judgment, any appeals deemed necessary and appropriate by the Investment Trustee and the Investment Trustee shall have the power and authority (A) to enter into such settlements as the Investment Trustee deems to be in the best interest of the Holders of Investment Trust Shares, subject to Bankruptcy Court approval after notice and a hearing in accordance with Bankruptcy Rule 9019; or (B) subject to Bankruptcy Court approval after notice and a hearing, to abandon, dismiss and/or decide not to prosecute any such Causes of Action if the Investment Trustee deems such action to be in the best interest of such Holders.
 - v. The Investment Trustee shall post a bond in favor of the Investment Trust in an amount equal to 110% of the Cash on hand, adjusted from time to time in the discretion of the Investment Trustee. The cost of such bond is payable from the Investment Trust Assets. After making each successive Distribution provided for under the Plan, the Investment Trustee shall have the right to seek a refund of the bond premium based upon the diminution of the Investment Trust Assets resulting from each such Distribution.
- (c) *Removal, Appointment, Resignation of Investment Trustee.* The Investment Trustee may resign at any time provided; however, that the Investment Trustee shall file a motion with the Bankruptcy Court in connection therewith and request that a successor or replacement Investment Trustee be appointed in accordance herewith, which motion shall be on notice

to the top twenty (20) Holders of Investment Trust Shares and the Investment Trust Board. Any party in interest, by motion filed with the Bankruptcy Court, or the Bankruptcy Court on its own order to show cause, may seek to remove the Investment Trustee for cause, including under Section 324 of the Bankruptcy Code, for the violation of any material provision of the Plan, or in the event the Investment Trustee becomes incapable of acting as the Investment Trustee as a result of physical or mental disability and such physical or mental disability continues for a period in excess of thirty (30) days (except in the case of death, in which instance, the procedures for replacement will begin immediately). In the event of a resignation or removal, the Investment Trustee, unless she is incapable of doing so, shall continue to perform her duties hereunder until such a time as a successor is approved by a Final Order of the Bankruptcy Court. In the event the Investment Trustee resigns or is removed, the successor Investment Trustee shall be elected in the manner prescribed by Section 1104(b) of the Bankruptcy Code.

8.5. ***The Beneficiaries of the Investment Trust.*** The beneficiaries of the Investment Trust shall be the Holders of Allowed Class 3 Claims who make the Investment Trust Election or the Hybrid Election and who, through such Election, are entitled to receive Investment Trust Shares pursuant to this Plan and the Investment Trust Agreement and ASM to the extent it has been sold, assigned and transferred any Allowed Claims or portions thereof and is entitled to receive Investment Trust Shares in exchange therefor pursuant to this Plan. In exchange for the contribution of the General Unsecured Claim (or 50% thereof) to the Investment Trust, the Investment Trust Elector will receive one (1) Investment Trust Share for every dollar of its Allowed General Unsecured Claim. Notwithstanding the foregoing, the Investment Trust Shares shall at all times be subject to adjustment, deduction, or offset as set forth in this Plan and the Investment Trust Agreement except that any Investment Trust Shares owned by ASM shall not be subject to setoff.

8.6. ***Investment Trust's Right of Setoff.*** The Investment Trust shall offset against any Distributions allocated to any Investment Trust Share in an amount equal to all unpaid amounts owed by the Holder of the Investment Trust Share to the Investment Trust, including, but not limited to, all unpaid amounts owed for Pre-Petition Default Amounts except that any Investment Trust Shares owned by ASM shall not be subject to setoff.

8.7. ***Investment Trust Reserves.*** Following the Effective Date of the Plan, the Investment Trust shall establish and maintain a Premium Reserve as provided in this Plan and the Investment Trust Agreement. In addition, the Investment Trust shall establish such other reserves as required or permitted by the Investment Trust Agreement or the Confirmation Order.

8.8. ***Investment Trust Taxes.***

The Investment Trustee will file all federal income tax returns for the Investment Trust as a grantor trust pursuant to Internal Revenue Code § 671 and Treasury Regulations § 1.671-4(a).

8.9. ***Liability and Indemnification of the Investment Trustee.***

The Investment Trustee shall not be liable for any act or omission in the capacity of Investment Trustee, other than intentional acts or omissions resulting from such Person's willful misconduct, gross negligence, or fraud. The Investment Trustee may, subject to the terms of the Investment Trust Agreement, retain and consult with attorneys, accountants and agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such professionals. Notwithstanding such authority, the Investment Trustee shall be under no obligation to consult with attorneys, accountants or her agents, and her determination to not do so shall not result in imposition of liability on the Investment Trustee unless such determination is based on willful misconduct, gross negligence, or fraud. The Investment Trust shall indemnify and hold harmless the Investment Trustee and her agents, representatives, Post-Confirmation Professionals, and employees from and against and in respect of any and all liabilities, losses, damages, claims, costs and expenses, including, but not limited to attorneys' fees and costs arising out of or due to their actions or omissions, or consequences of such actions or omissions, with respect to the Investment Trust or the implementation or administration of this Plan; provided, however, that no such indemnification will be made to such Persons or Entities for such actions or omissions as a result of willful misconduct, gross negligence, or fraud.

8.10. *Term of the Investment Trust.*

The Investment Trustee shall be discharged and the Investment Trust shall be terminated, at such time as (i) all Disputed Claims have been resolved, (ii) all of the Investment Trust Assets have been liquidated, (iii) all duties and obligations of the Investment Trustee under the Investment Trust Agreement have been fulfilled, (iv) all Distributions required to be made by the Investment Trust under this Plan and the Investment Trust Agreement have been made, (v) all amounts due under the Exit Facility Documents have been repaid (vi) the Investment Trustee determines that the administration of any remaining Investment Trust Assets is not likely to yield sufficient additional proceeds to justify further pursuit and/or administration, and (vii) the Chapter 11 Cases have been closed; provided, however, that in no event shall the Investment Trust be dissolved later than five (5) years from the Effective Date unless the Bankruptcy Court, upon motion within the six-month period prior to the fifth anniversary (or the end of any extension period approved by the Bankruptcy Court), determines that a fixed period extension (not to exceed five (5) years, without a favorable letter ruling from the Internal Revenue Service that any further extension would not adversely affect the status of the Investment Trust as a liquidating trust for federal income tax purposes) is necessary to facilitate or complete the recovery and liquidation of the Investment Trust Assets. Upon the occurrence of the termination of the Investment Trust, the Investment Trustee shall file with the Bankruptcy Court, a report thereof, seeking to be discharged from her duties.

8.11. *Compensation of Investment Trustee and Professionals of Investment Trustee.*

- (a) As compensation for services in the administration of the Investment Trust, the Investment Trustee shall receive as compensation an immediate 3% fee from and upon the receipt of any funds, assets, Cash, Maturity Funds, Litigation Proceeds, or any other thing of value, including the Investment Trust Assets which are transferred to the

Investment Trust on the Effective Date, but excluding principal loan proceeds received from ASM. The Investment Trustee shall be further entitled to the reimbursement for documented actual and reasonable expenses incurred in performing her duties as the Investment Trustee and shall submit invoices for such actual and reasonable expenses pursuant to Article 8.11(b) below. Should all or any portion of the Policy Portfolio be sold, the Trustee shall be entitled to receive 3% of the gross sales price received.

- (b) As long as the Chapter 11 Cases remain open, the Liquidating Trustee and the Post-Confirmation Professionals shall be paid 90% of their fees and 100% of their costs on a monthly basis, but shall file fee applications no less frequently than every 180 days seeking approval of fees and expenses to be awarded by the Bankruptcy Court, including approval of the amounts paid on a monthly basis. A Post-Confirmation Professional who fails to file an application seeking approval of compensation and expenses previously paid when such application is due every 180 days shall preclude such Post-Confirmation Professional from being paid monthly as provided herein until an interim fee application has been filed and heard by the Bankruptcy Court. The Bankruptcy Court shall retain jurisdiction to allow or disallow all Post-Confirmation Administrative Claims of the Liquidating Trustee and the Professionals. The invoices for services rendered and out-of-pocket expenses incurred which are to be submitted shall be sufficiently detailed to identify the hours worked, the rates charged and the work performed.
- (c) The Investment Trust may employ such staff and obtain such equipment and premises as are reasonably necessary to carry out its functions and duties, store the books and records of the Debtors and compensate such staff and pay for such equipment and premises from the Investment Trust Assets.

8.12. *Preservation of Causes of Action.*

The Debtors are currently not in a position to express an opinion on the merits of any of the Causes of Action or on the recoverability of any amounts as a result of any such Causes of Action. **FOR PURPOSES OF PROVIDING NOTICE, THE DEBTORS STATE THAT ANY PARTY IN INTEREST THAT ENGAGED IN BUSINESS OR OTHER TRANSACTIONS WITH ANY OF THE DEBTORS PREPETITION OR THAT RECEIVED PAYMENTS FROM ANY OF THE DEBTORS PREPETITION MAY BE SUBJECT TO LITIGATION TO THE EXTENT THAT APPLICABLE BANKRUPTCY OR NON-BANKRUPTCY LAW SUPPORTS SUCH LITIGATION.** Unless otherwise covered by insurance, the Investment Trust will fund the costs and expenses (including legal fees) to pursue the Causes of Action, subject at all times to the terms and conditions of the Investment Trust Agreement.

Notwithstanding anything to the contrary in the Plan or in the Disclosure Statement, the provisions of the Disclosure Statement and the Plan that permits the Investment Trust to enter into settlements and compromises of any Causes of Action shall not have, and are not intended to have, any res judicata or collateral estoppel effect with respect to any Causes of Action that are not otherwise treated under the Plan and shall not be deemed a bar to asserting such Causes of

Action regardless of whether or to what extent such Causes of Action are specifically described in the Plan or Disclosure Statement relating hereto. Unless any of the Causes of Action are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or by Final Order of the Bankruptcy Court, all such Causes of Action are expressly reserved and preserved for later adjudication and, therefore, no preclusion doctrine, including without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such Causes of Action upon or after Confirmation or consummation of the Plan.

Furthermore, notwithstanding any provision or interpretation to the contrary, nothing in the Plan or the Confirmation Order, including the entry thereof, shall be deemed to constitute a release, waiver, impediment, relinquishment or bar, in whole or in part, of or to any recovery rights or any other claim, right or cause of action possessed by the Debtors prior to the Effective Date.

8.13. ***Appointment of Investment Trust Board.*** Upon the Effective Date, the Investment Trust Board shall be formed. The Investment Trust Board shall consist of ASM, Angelo Diaz, Ido Alexander, Esq. on behalf of Theler AG, Victor Gratacos, Esq., and Zachary Bancroft, Esq. on behalf of Michael Shields, and at no time shall exceed five (5) members. The Investment Trustee shall periodically report to the Investment Trust Board the progress being made by the Investment Trustee in respect of the Investment Trustee's powers and duties set forth herein. The Investment Trustee shall consult with the Investment Trust Board in respect of any material decisions concerning the Investment Trust. The Investment Trust Board shall be deemed a party in interest with standing to be heard on any matter involving the Investment Trust. The Investment Trust Board and its members shall be fiduciaries of, and shall have fiduciary duties to the Holders of Investment Trust Shares in the same manner as the Investment Trustee. The duties of the Investment Trust Board shall terminate upon the termination of the Investment Trust. The members of the Investment Trust Board shall serve without compensation. The powers and duties of the Investment Trust Board shall be limited to those specifically set forth in the Plan. The Investment Trust Board may, as it deems reasonably necessary, engage counsel to represent its interests, the fees and expenses of which representation shall be reimbursed by the Investment Trust.

A majority of the members of the Investment Trust Board shall constitute a quorum for the transaction of business at any meeting of the Investment Trust Board, with a majority of those present at any meeting being required to take any action by the Investment Trust Board. The Investment Trust Board is authorized to adopt other and further by-laws for the governance of the Investment Trust Board not inconsistent with the provisions hereof.

In the event of a vacancy on the Investment Trust Board (whether by removal, death or resignation) a new member may be appointed to fill such position by the remaining members of the Investment Trust Board, provided however that no such new member shall be the subject of existing or potential Causes of Action. In the event the Investment Trust Board is not comprised of three (3) or more persons, then the Investment Trust Board shall terminate and the remaining members thereof shall be relieved of any further responsibilities hereunder.

8.14. *Establishment of Premium Reserves*

After the Effective Date of the Plan, the Investment Trust shall establish and maintain Premium Reserves as provided in the Investment Trust Agreement. In furtherance of the Investment Trust's obligations under the Plan and the Investment Trust Agreement, the Investment Trustee shall establish and maintain, from and after the Effective Date, such account(s) to hold reserves determined by the Investment Trustee to be necessary for the purposes of liquidation of the Investment Trust Assets, including the payment of premiums and other expenses incurred in the administration of the Investment Trust.

8.15. *Distributions During the Term of the Investment Trust*

The Trustee shall distribute at least annually to the Investment Trust beneficiaries all of the Distributable Cash generated by the Investment Trust Assets during each calendar year; *provided, however*, that the Investment Trustee shall first repay in kind all amounts owing to the Exit Lender under the Exit Facility Documents prior to any such Distribution of Distributable Cash. All Distributions shall be made in proportion to each Investment Trust Beneficiary's respective Pro Rata Share.

ARTICLE IX**DISSOLUTION OF COMMITTEES**

9.1. *Dissolution of the Committees.* The Committees shall be automatically dissolved on the Effective Date and, on the Effective Date, each member (including each officer, director, employee, or agent thereof) of the Committee and each professional retained by the Committee shall be released and discharged from all rights, duties, responsibilities, and obligations arising from, or related to, the Debtors, their membership on the Committee, the Plan, or the Chapter 11 Cases, except with respect to any matters concerning any Professional Claims held or asserted by any professional retained by the Committees.

ARTICLE X**PROVISIONS GOVERNING DISTRIBUTIONS GENERALLY**

10.1. *Timing and Delivery of Distributions by the Investment Trust.* The Investment Trust Agreement shall govern Distributions by the Investment Trust and shall be deemed to include the terms of this Article X and other relevant provisions of this Plan. The payment of Distributions under the Investment Trust Agreement shall be made in the ordinary course of business under those agreements and without any requirement for prior approval of the Bankruptcy Court.

10.2. *Method of Cash Distributions.* Any Cash payment to be made pursuant to this Plan or the Investment Trust Agreement may be made by Cash, draft, check, wire transfer, or as otherwise required or provided in any relevant agreement or applicable law at the option of and in the discretion of the Investment Trustee in consultation with the Investment Trust Board.

10.3. ***Undeliverable and Unclaimed Distributions; Failure to Negotiate.*** If any Distribution to any Holder of Allowed Claim made by the Investment Trustee is returned as undeliverable, the Investment Trust shall use commercially reasonable efforts to determine the current address of each Holder, but no Distribution to such Holder shall be made unless and until the Investment Trust has determined the then current address of such Holder; *provided, however*, that all Distributions to Holders of Allowed Claims made by, or attempted to be made by, the Investment Trustee that are unclaimed for a period of 120 days after the date of the first attempted Distribution shall have its, his, or her Claim for such undeliverable Distribution deemed satisfied and will be forever barred from asserting any such Claim against the Investment Trust, the Investment Trustee, or the Investment Trust Assets. Any Distributions which are undeliverable or have not be negotiated within the time period set forth above shall be deemed unclaimed property under § 347(b) of the Bankruptcy Code and reinvested in the Investment Trust.

10.4. ***Setoffs and Recoupments.***

- (a) The Investment Trust shall have the right, without prior approval of the Bankruptcy Court, to set off or recoup against any Claim or Investment Trust Shares, and any Distribution to be made on account of such Claim or Investment Trust Shares, any and all claims, rights, and Causes of Action of any nature whatsoever that the Debtors, the Reorganized Debtors, or the Investment Trust may have against the Holder of such Claim pursuant to the Bankruptcy Code or applicable non-bankruptcy law, except that any claim or Investment Trust Shares held by ASM shall not be subject to setoff.
- (b) In no event shall any Holder of Claims, Investment Trust Shares or Equity Interests be entitled to set off any Claim or Equity Interest against any Claim, right, or cause of action of the Debtors or the Investment Trust, as applicable, unless such Holder has filed a motion with the Bankruptcy Court requesting the authority to perform such setoff on or before the Confirmation Date, and notwithstanding any indication in any proof of claim or Equity Interest or otherwise that such Holder asserts, has, or intends to preserve any right of setoff pursuant to § 553 of the Bankruptcy Code or otherwise.
- (c) No payment or Distribution shall be made on account of any Claim, Investment Trust Shares, or Equity Interest where the Holder has any unresolved liability to the Debtors, the Estates, or the Investment Trust within the scope of Bankruptcy Code § 502(d), including, but not limited to, any actual or potential defendant with respect to any Cause of Action.
- (d) Except as provided in this Plan and/or the Confirmation Order, any Holder of Claim or Equity Interest shall not be entitled to recoup any Claim or Equity Interest against any Claim, right or cause of action of the Debtors, the Investment Trust, or the Reorganized Debtors, as applicable.

10.5. *Potential Distribution in Excess of Allowed Amount of Claim.*

Notwithstanding anything to the contrary contained in the Plan, Holders of Allowed Class 3 Claims may receive Distributions in excess of the Allowed amount of such Claims in the event the aggregate value of the Investment Trust Assets exceeds the aggregate value of all Allowed Class 3 Claims. Each Holder of an Allowed Class 3 Claim shall receive all Pro Rata Distributions resulting from the liquidation of the Investment Trust Assets, including any such Distributions in excess of their Allowed Class 3 Claims.

10.6. *No Distributions on Late-Filed Claims.*

Except as otherwise provided in a Final Order of the Bankruptcy Court, any Claim as to which a proof of Claim was required to be filed and was first filed after the applicable bar date in the Chapter 11 Cases, including, without limitation, the Bar Date and any bar date established in the Plan or in the Confirmation Order, shall automatically be deemed a late-filed Claim that will be deemed a Disallowed Claim in the Chapter 11 Cases, without the need for (a) any further action by the Debtors or (b) an order of the Bankruptcy Court. Nothing in this paragraph is intended to expand or modify the applicable bar dates or any orders of the Bankruptcy Court relating thereto.

ARTICLE XI**ONGOING SERVICING OF POLICIES****11.1. *Retention of Servicer.***

- (a) On or before the Effective Date, the Servicing Company and the Investment Trust shall enter into the Servicing Agreement pursuant to which the Servicing Company will provide servicing for the Policies. Under the Servicing Agreement, the Servicing Company will, among other duties, (i) continue to optimize premiums on the Policies, (ii) continue to utilize cash surrender value and Premium Reserves to satisfy premium requirements on Policies to the extent available, and perform any act necessary to ensure the continuing viability of the Policies; and (iii) the other services required by this Plan and the Servicing Agreement.
- (b) The Servicing Agreement shall conform to the terms of this Plan, and to the extent that the Servicing Agreement is inconsistent with this Plan or the Confirmation Order, the terms of this Plan and the Confirmation Order shall govern. The Servicing Agreement will require that all services under the agreement shall be performed in compliance with all applicable laws, including without limitation life settlement regulations protecting the confidentiality of personal identifying information and personal identifying health information relating to the individuals whose lives are insured under the Policies. In addition, under the Investment Trust Agreement, the Investment Trustee will have authority to maintain basic services to be performed by, and servicing standards required of, the Servicing Company under the Servicing Agreement any time that the Servicing Agreement is amended or replaced, or assumed by any successor Servicing Company.

The Servicing Agreement and the will be subject to termination by the Investment Trust for performance default by the Servicing Company. The Investment Trustee shall have the right to inspect books and records of Servicing Company and interview employees of Servicing Company to ensure the Servicing Company is performing its duties under the Servicing Agreement and maintains adequate systems and controls to fulfill its duties.

11.2. ***Servicing Fee; Other Deductions from Maturity Proceeds.*** From and after the Effective Date, the fee due to the Servicing Company for providing services under the Servicing Agreement will be as set forth in the Servicing Agreement.

11.3. ***Reporting to Investment Trust.*** As more fully set forth in the Servicing Agreement, the Servicer shall provide periodic reporting with regard to the overall performance of the Policy portfolio, as reasonably requested from time to time by the Investment Trustee and the Investment Trust Board, for their use in discharging their respective duties under the Plan and the Investment Trust Agreement. It is expected that the reports will include at least the following: (a) an updated listing of all active and matured Policies, including the number of Policies and the status, cash value, policy loans, surrender value, and/or face amount of each Policy; (b) an estimate of future premium payments required per Policy and in the aggregate on the Policy Portfolio; (c) annual financial statements of the Servicer; and (d) a schedule of Policy premium payments made by policy and dates on which such premium payments were paid and when future payments are due; and (e) monthly cash flow projection for the coming year on an annual basis, based on life expectancy of the insureds, or more frequent if requested by the Investment Trustee. The Servicing Company will provide other reports, data and information that shall be reasonably requested by the Investment Trustee.

ARTICLE XII

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

12.1. ***General Treatment: Rejected if not Previously Assumed.*** Except as provided for in Article 12.3 of this Plan, all executory contracts, including every Investment Contract, and unexpired leases to which any Debtor is a party shall be deemed rejected in accordance with the provisions and requirements of §§ 365 and 1123(b)(2) of the Bankruptcy Code as of the Effective Date, unless any such executory contract or unexpired lease: (i) has been previously assumed pursuant to a Final Order of the Bankruptcy Court; or (ii) is the subject of a motion to assume or reject pending as of Confirmation. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejections pursuant to §§ 365 and 1123(b)(2) of the Bankruptcy Code as of the Effective Date.

12.2. ***Waiver of Claims Based on Rejection of Executory Contracts.*** In full and final satisfaction, settlement, release, and discharge of, and in exchange for, treatment as a Class 3 Allowed Claim and/or a Class 4 Allowed Claim, each Holder of a Class 3 Allowed Claim and/or a Class 4 Allowed Claim (whether or not such Holder votes on the Plan), upon Confirmation of the Plan, shall be deemed to fully, completely, unconditionally, irrevocably, and forever release the Debtors, the Estates, the Reorganized Debtors, and the Investment Trust of and from any

Claim, Causes of Action, debts, obligations, rights, suits, damages, actions, remedies, and liabilities whatsoever, whether known or unknown, resulting from or relating to the rejection of any executory contract, including any Investment Contract, pursuant to the terms of this Plan.

12.3. ***Assumption of the Policies.*** Notwithstanding anything contained in the Plan to the contrary, unless specifically rejected by separate motion of the Debtors and approved by order of the Bankruptcy Court, all of the Debtors' Policies, insurance policies, and any agreements, documents or instruments relating thereto (exclusive of Investment Contracts, which will be rejected pursuant to Article 12.1), are treated as executory contracts under the Plan and will be assumed by the Debtors and assigned to the Investment Trust, effective as of Effective Date. Nothing contained in this Section shall constitute or be deemed a waiver of any Cause of Action that the Debtors may hold against any Person or entity, including, without limitation, the insurer, under any of the Debtors' Policies of insurance.

ARTICLE XIII

PROCEDURES FOR RESOLVING AND TREATING DISPUTED CLAIMS

13.1. ***Objections to Claims; Prosecution of Disputed Claims.*** Before the Effective Date, the Debtors will be entitled to object to any Claim (in whole or in part) appearing on the Schedules, filed in the Chapter 11 Cases, or estimated by the Bankruptcy Court for voting purposes with respect to which the Debtors dispute liability in whole or in part. After the Effective Date, the Investment Trustee shall object to, or shall be substituted for the Estates for purposes of any pending objection to, the allowance of any Claim appearing on the Schedules, filed in the Chapter 11 Cases, or estimated by the Bankruptcy Court with respect to which the Investment Trustee disputes liability in whole or in part. All objections that are filed and prosecuted by the Debtors or the Investment Trustee, as the case may be, as provided herein shall be litigated to Final Order or settled.

13.2. ***Administration of Disputed Claims; Disputed Claims Reserve.***

(a) ***No Distribution of Disputed Claims.*** Notwithstanding any other provision of the Plan, no Distribution shall be made with respect to any Disputed Claim unless and until such Disputed Claim becomes an Allowed Claim.

(b) ***Estimates in Aid of the Plan.*** In determining the amount of Distributions to be made hereunder to Holders of Allowed Claims, the appropriate Distributions required by the Plan shall be made according to estimates and subject to the provisions of the Plan. For purposes of effectuating the provisions of this section and the Distributions to Holders of Allowed Claims, the Bankruptcy Court may set, fix or liquidate the amount of Disputed Claims pursuant to § 502(c) of the Bankruptcy Code, in which event the amounts so fixed or liquidated will be deemed the amounts of the Disputed Claim for purposes of Distribution under this Plan. In lieu of fixing or liquidating the amount of any Disputed Claim, the Debtors or Investment Trustee, as the case may be, may request that the Bankruptcy Court determine the amount to be reserved for such Disputed Claim or such

amount may be fixed by agreement in writing between the Debtors or Investment Trustee, as the case may be, and the Holder of a Disputed Claim.

(c) *Disputed Claims Reserve.* To protect the interests of Holders of Disputed Claims in Class 3, the Investment Trustee shall establish a Disputed Claims Reserve for such Disputed Claims in Class 3, only if all Disputed Claims have not been resolved by consent or the Bankruptcy Court, prior to a Distribution being made by the Investment Trust. The Disputed Claim Reserve is not required to be maintained in a separate account but instead may be a book entry maintained by the Investment Trustee. In the absence of an agreement or order estimating a Disputed Claim as set forth in Article 13.2(b), the amount of the Disputed Claim Reserve shall be equal to the amount of the Distribution that the Holder of such Disputed Claim would have received had such Disputed Claim been an Allowed Claim at the time of such Distribution.

(d) *Administration of Disputed Claims that Become Allowed Claims.* As soon as practicable after a Disputed Claim in Class 3 becomes an Allowed Claim, the Holder of such Allowed Claim shall receive from the Disputed Claims Reserve a Distribution in an amount equal to the Distribution that such Holder would have received had such Disputed Claim been an Allowed Claim upon a Distribution by the Investment Trust. Distributions to each Holder of a Disputed Claim in Class 3, to the extent that such Claim becomes an Allowed Claim, shall be made, without interest, in accordance with the treatment provided to Class 3 Claims.

(e) *Administration of Disallowed Claims.* When a Disputed Claim or any portion thereof becomes a Disallowed Claim, the amount of the Disputed Claim Reserve for such Holder of a Disallowed Claim may be released to the general Investment Trust funds, and available to the Investment Trust.

13.3. *Disallowance or Expungement of Claims.* Except as otherwise provided by order of the Bankruptcy Court, all Claims marked or otherwise scheduled as contingent, unliquidated, or disputed on the Bankruptcy Schedules and for which no proof of claim has been filed shall be deemed Disallowed Claims, and such Disallowed Claims shall be expunged as of the Effective Date without the necessity of filing a claim objection and without further notice to, or action, order or approval of the Bankruptcy Court.

13.4. *Estimation.* The Debtors, or following the Effective Date, the Investment Trustee may at any time request that the Bankruptcy Court estimate any contingent, unliquidated or Disputed Claim pursuant to § 502(c) of the Bankruptcy Code regardless of whether the Debtors previously objected to such Claim, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent, unliquidated or Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Debtors or the Investment Trustee may pursue supplementary

proceedings to object to the allowance of such Claim. All objection, estimation and Claim resolution procedures are intended to be cumulative and not exclusive of one another.

ARTICLE XIV

CONDITIONS PRECEDENT

14.1. *Conditions Precedent to Effectiveness of Plan.*

(a) The Effective Date of the Plan shall not occur unless and until the following conditions shall have been satisfied or waived by the Plan Proponents, as determined in their sole discretion: (a) the Bankruptcy Court shall have entered the Confirmation Order in form and substance acceptable to the Plan Proponents, and such Confirmation Order shall not have been appealed within fourteen (14) calendar days of entry or, if such Confirmation Order is appealed, shall not have been stayed pending appeal, and there shall not have been entered by any court of competent jurisdiction any reversal, modification or vacation, in whole or in part, of such Confirmation Order; (b) the Bankruptcy Court shall have approved the information contained in the Disclosure Statement as adequate pursuant to § 1125 of the Bankruptcy Code; (c) all documents, instruments and agreements provided for hereunder or necessary to implement the Plan shall have been executed and delivered by the parties thereto, including specifically the Exit Facility Document, unless such execution or delivery has been waived by the parties benefited thereby, in form and substance satisfactory to the Plan Proponents; (d) the Closing Date for the Exit Facility has occurred (e) there is sufficient available Cash of the Debtors to pay all Allowed Administrative Claims (including Allowed Professional Claims), Allowed Priority Claims and Allowed Priority Tax Claims, as applicable; and (f) no order of a court restraining the Debtors from consummating the Plan shall have been entered and shall remain in effect.

(b) The conditions precedent specified above may be waived in whole or in part by the Plan Proponents. Subject to the foregoing, any such written waiver of a condition precedent set forth in this Section may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan. Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action. If the Debtors decide that one of the foregoing conditions cannot be satisfied, and the occurrence of such condition is not waived in writing by the Debtors, then the Debtors shall file a notice of the failure of the Effective Date with the Bankruptcy Court, at which time the Plan and the Confirmation Order shall be deemed null and void.

14.2. *Notice of Effective Date.* On the Effective Date, the Debtors shall file a notice of the occurrence of the Effective Date with the Bankruptcy Court.

ARTICLE XV

EFFECT OF CONFIRMATION OF PLAN

15.1. ***Binding Effect.*** Subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Plan shall bind the Debtors, the Reorganized Debtors, the Investment Trust, and any Holder of a Claim against, or Equity Interest in, the Debtors and such Holder's respective successors and assigns, whether or not the Claim or Equity Interest of such Holder is Impaired under the Plan and whether or not such Holder has accepted the Plan.

15.2. ***Discharge of Claims.*** Except as provided herein, the rights afforded in the Plan and the payments and Distributions to be made hereunder shall discharge all existing debts and Claims, of any kind, nature, or description whatsoever against or in the Debtors or any of their assets or properties to the fullest extent permitted by § 1141 of the Bankruptcy Code. Except as provided herein, upon the Effective Date, all existing Claims against the Debtors shall be discharged and terminated, and all Holders of Claims and Equity Interests shall be precluded and enjoined from asserting against the Reorganized Debtors or the Investment Trust, their respective successors or assignees, or any of their respective assets or properties, any other or further Claim or Equity Interest based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such Holder has filed a proof of claim or proof of equity interest, and whether or not the facts or legal bases therefore were known or existed prior to the Effective Date. Upon the Effective Date, all such persons shall be forever precluded and enjoined, pursuant to § 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or Equity Interest in the Debtors, the Reorganized Debtors, or the Investment Trust. Nothing in this Article 15.4 should be interpreted as a discharge of the Debtors' or Reorganized Debtors' rights or obligations under the Plan or of the obligations under the DIP Facility.

15.3. ***Discharge of the Debtors.*** Pursuant to § 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in the Confirmation Order, the Distributions and rights that are provided in the Plan will be in complete satisfaction, discharge, and release, of any and all Claims and Equity Interests except the DIP Facility, whether known or unknown, against the Debtors, the Investment Trust, or the Reorganized Debtors or any of their assets or properties, regardless of whether the property has been distributed or retained pursuant to the Plan and termination of all Equity Interests. Without limiting the generality of the foregoing, the Debtors, the Investment Trust, and the Reorganized Debtors will be discharged from any and all Claims and debts of the kind specified in §§ 502(g), 502(h) of 502(i) of the Bankruptcy Code, in each case whether or not (a) a proof of claim is filed or deemed filed under section 501 of the Bankruptcy Code, (b) a Claim is allowed under section 502 of the Bankruptcy Code, or (c) the Holder of such a Claim accepted the Plan. Except as otherwise provided in the Plan, the Confirmation Order shall be a judicial determination of discharge of all liabilities of the Debtors arising before the Effective Date, except the DIP Facility. Under § 524 of the Bankruptcy Code, the discharge granted under this section shall avoid any judgment against the Debtors at any time obtained (to the extent it relates to a discharged Claim), and operates as an injunction against the

prosecution of any action against the Debtors or the Estates (to the extent such action relates to a discharged claim). Nothing in this Section should be interpreted as a discharge of the Debtors' or Reorganized Debtor's rights or obligations under the Plan.

15.4. *Injunction.* Except for the DIP Lender and as otherwise expressly provided in the Plan, all Persons or Entities who have held, hold or may hold Claims or Equity Interests and all Persons who have held, hold or may hold claims or causes of action that have been subject to exculpation pursuant to Section 15.7 hereof ("Exculpation"), and all other parties in interest, along with their respective present or former employees, agents, officers, managers, directors, principals and Affiliates, are permanently enjoined, from and after the Effective Date, from (a) commencing, conducting or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Equity Interest, or such exculpated claim or cause of action, against the Debtors, the Reorganized Debtors, the Investment Trust, or the Exculpated Parties or any of their respective property or assets or any interest therein, (b) the enforcement, attachment, levying, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors, the Reorganized Debtors, Investment Trust, or the Exculpated Parties or any of their respective property or assets or any interest therein, (c) creating, perfecting, or enforcing any Lien or encumbrance of any kind against the Debtors, the Reorganized Debtors, the Investment Trust, or the Exculpated Parties or any of their respective property or assets or any interest therein, or (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors, the Reorganized Debtors, Investment Trust, or the Exculpated Parties or against any of their respective property or assets, or any interest therein, with respect to any such Claim or Equity Interest, or such released or exculpated claim or cause of action. Such injunction shall be included in the Confirmation Order and shall extend to any successors of the Debtors, the Reorganized Debtors, Investment Trust, and the Exculpated Parties and their respective properties and interest in properties except for the DIP Lender.

15.5. *Term of Bankruptcy Injunctions or Stays.* Unless otherwise provided, all injunctions or stays arising under or entered during the Chapter 11 Cases under § 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, other than injunctions issued pursuant to the Plan (including injunctions under Section 15.6 ("Injunction")), shall remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

15.6. *Injunction Against Interference With Plan of Reorganization.* Upon the entry of the Confirmation Order, all Holders of Claims and Equity Interests and other parties in interest, along with their respective present or former employees, agents, officers, managers, directors, principals and Affiliates shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan.

15.7. *Exculpation.* NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, AS OF THE EFFECTIVE DATE, THE EXCULPATED PARTIES SHALL NEITHER HAVE NOR INCUR ANY LIABILITY FOR ANY CLAIM, CAUSE OF ACTION OR OTHER ASSERTION OF LIABILITY FOR ANY ACT TAKEN OR OMITTED TO BE TAKEN SINCE THE PETITION DATE IN CONNECTION WITH,

RELATED TO, OR OTHERWISE ARISING OUT OF, THE CHAPTER 11 CASES, THE FORMULATION, NEGOTIATION, PREPARATION, DISSEMINATION, IMPLEMENTATION, CONFIRMATION, CONSUMMATION, OR ADMINISTRATION OF THE PLAN, PROPERTY TO BE DISTRIBUTED UNDER THE PLAN, OR ANY OTHER ACT OR OMISSION IN CONNECTION WITH THE CHAPTER 11 CASES, THE PLAN, THE DISCLOSURE STATEMENT OR, IN EACH CASE, ANY CONTRACT, INSTRUMENT, DOCUMENT OR OTHER AGREEMENT RELATED THERETO, INCLUDING; PROVIDED, HOWEVER, THAT THE FOREGOING SHALL NOT AFFECT THE LIABILITY OF ANY PERSON THAT OTHERWISE WOULD RESULT FROM ANY SUCH ACT OR OMISSION TO THE EXTENT SUCH ACT OR OMISSION IS DETERMINED BY A FINAL ORDER OF A COURT OF COMPETENT JURISDICTION TO HAVE CONSTITUTED WILLFUL MISCONDUCT OR GROSS NEGLIGENCE; PROVIDED, FURTHER, THAT EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL CONCERNING ITS DUTIES PURSUANT TO, OR IN CONNECTION WITH, THE ABOVE REFERENCED DOCUMENTS, ACTIONS OR INACTIONS.

ARTICLE XVI

RETENTION OF JURISDICTION

16.1. **Retention of Jurisdiction.** Pursuant to §§ 1334 and 157 of title 28 of the United States Code, the Bankruptcy Court shall retain jurisdiction of all matters arising in, arising under, and related to the Chapter 11 Cases and the Plan, for the purposes of §§ 105(a) and 1142 of the Bankruptcy Code, and for, among other things, the following purposes:

- (a) to hear and to determine all controversies, disputes, and suits which may arise in connection with the execution, interpretation, implementation, consummation, or enforcement of the Plan, any documents related to the Plan, including but not limited to the Plan Documents, the Confirmation Order, the Investment Trust Agreement, the DIP Facility, Exit Facility Documents, or in connection with the enforcement of any remedies made available hereunder;
- (b) to take any action and issue such orders as may be necessary to construe, enforce, implement, execute and consummate the Plan or to maintain the integrity of the Plan following consummation;
- (c) to enforce the terms of any settlement approved as a part of this Plan or otherwise in the Chapter 11 Cases;
- (d) to determine such other matters and for such other purposes as may be provided in the Confirmation Order;

- (e) to enter, enforce and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;
- (f) to issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any person with the consummation, implementation or enforcement of the Plan, the Confirmation Order or any other order of the Bankruptcy Court;
- (g) to hear and determine any application or motion to modify the Plan in accordance with § 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;
- (h) to recover all property of the Estates, wherever located, which jurisdiction shall not be limited;
- (i) to hear and to determine any and all objections to or applications concerning the allowance of Claims or Equity Interests or the allowance, classification, priority, compromise, estimation, or payment of any Claim or Equity Interest;
- (j) to hear and determine any objections to the allowance of Claims or Equity Interests arising prior to the Effective Date, whether filed, asserted, or made before or after the Effective Date, including, without express or implied limitation, to hear and determine any objections to the classification, priority, compromise, estimation, or payment of any Claim or Equity Interest in whole or in part;
- (k) to liquidate any Disputed, contingent, or Unliquidated Claims or to estimate any Disputed Claims;
- (l) to hear and determine all motions or applications pending on the Confirmation Date for the rejection, assumption, or assumption and assignment of unexpired leases and executory contracts to which any Debtor is a party or with respect to which any Debtor may be liable, and the allowance of Claims resulting therefrom or from the expiration or termination prior to the Confirmation Date of any executory contract or unexpired lease;
- (m) to hear and determine any disputes relating to the Distributions to Holders of Allowed Claims as provided herein;
- (n) to hear and determine all applications for allowances of compensation and reimbursement of expenses of Professional Claims and any other fees and expenses authorized to be paid or reimbursed under the Plan;

- (o) to hear and determine any and all motions for the use, sale or lease of property pursuant to § 363 of the Bankruptcy Code and all issues related thereto, which transactions completed after the Confirmation Date shall be deemed to have been made pursuant to the Plan and therefore, exempt from recording and other taxes under § 1146 of the Bankruptcy Code
- (p) to hear and determine any and all adversary proceedings, applications, motions, and contested or litigated matters, including the Causes of Action, and any other litigated matter, as well as any remands from any appeals, that may be pending on the Effective Date or that, pursuant to the Plan, may be instituted by the Investment Trustee after the Effective Date, including, without express or implied limitation, any claims to avoid any preferences, fraudulent transfers, or other voidable transfers, or otherwise to recover assets for the benefit of the Investment Trust, as successor to the Debtors' estates;
- (q) to enable the Investment Trustee to prosecute any and all Causes of Action, including proceedings which may be brought to set aside Liens or encumbrances and to recover any transfers, assets, properties or damages to which the Investment Trust may be entitled under applicable provisions of the Plan, the Bankruptcy Code or any federal, state or local laws, including controversies, disputes and conflicts between the Debtors and any other party, including but not limited to any objections to Claims, motions for subordination on any grounds and claims preserved hereunder and pursuant to the Confirmation Order;
- (r) to the extent that Bankruptcy Court approval is required, to consider and act on the compromise and settlement of any Claim or cause of action by or against any Debtors' Estate;
- (s) to hear and determine matters concerning state, local, and federal taxes, fines, penalties, or additions to taxes for which the Debtors, as Debtors or Debtors in Possession or the Investment Trust, may be liable, directly or indirectly, in accordance with §§ 346, 505, and 1146 of the Bankruptcy Code (including any request for expedited determination under § 505(b)(2) of the Bankruptcy Code);
- (t) to enter, enforce and implement such orders (including orders entered prior to the Confirmation Date) as may be necessary or appropriate to execute, interpret, implement, consummate or enforce the terms and conditions of the Plan and the transactions contemplated hereunder;
- (u) to issue such orders in aid of execution of the Plan to the extent authorized or contemplated by § 1142 of the Bankruptcy Code;
- (v) to hear and to determine any other matter not inconsistent with the Bankruptcy Code and title 28 of the United States Code that may arise in connection with or related to the Plan; and

(w) to enter a final decree closing any and all of the Chapter 11 Cases; and

(x) to hear and determine any matters concerning the Investment Trust Board.

16.2. ***Abstention and Other Courts.*** If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of or relating to the Chapter 11 Cases, Article XVI of the Plan (“Retention of Jurisdiction”) shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

ARTICLE XVII

MISCELLANEOUS PROVISIONS

17.1. ***Modification of the Plan.*** The Plan may be altered, amended or modified by the Plan Proponents, before or after the Confirmation Date, as provided in § 1127 of the Bankruptcy Code; provided, however, that no such alterations, amendments or modifications that are material shall be made without the consent of the Investment Trust, the Exit Lender, or the Plan Proponents, as the case may be; provided further, however that the Plan Proponents or the Investment Trustee may, with the approval of the Bankruptcy Court and without notice to Holders of Claims and Equity Interests, correct any nonmaterial defect, omission, or inconsistency herein in such manner and to such extent as may be necessary or desirable. A Holder of an Allowed Claim that has accepted the Plan shall be deemed to have accepted the Plan as modified if the proposed modification does not materially and adversely change the treatment of the Claim of such Holder.

17.2. ***Rights of Action.*** Any rights, claims, or causes of action accruing to the Debtors pursuant to the Bankruptcy Code or pursuant to any statute or legal theory, and any rights to, claims or causes of action for recovery under any policies of insurance issued to or on behalf of the Debtors shall remain assets of the Debtors’ Estates and, on the Effective Date, shall be transferred to the Investment Trust, as provided in this Plan.

17.3. ***Notices.*** Any notice required or permitted to be provided hereunder shall be in writing and served by either (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery, or (c) prepaid overnight delivery service and addressed as follows:

TRIPP SCOTT, P.A.

Kristopher E. Aungst, Esq.
 Angelo M. Castaldi, Esq.
 110 Southeast 6th Street
 Fifteenth Floor
 Fort Lauderdale, FL 33301
 (954) 525-7500

FURR & COHEN, P.A.

Robert C. Furr, Esq.
 Alvin S. Goldstein, Esq.
 2255 Glades Road
 Suite 337
 Boca Raton, FL 33431
 (561) 395-0500

BAST AMRON LLP

Jeffrey P. Bast, Esq.
 Zakarij N. Laux, Esq.
 One Southeast Third Avenue
 Suite 1400
 Miami, Florida 33131
 (305) 379-7904

17.4. **Severability.** If, prior to the entry of the Confirmation Order, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Plan Proponents, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, unless agreed otherwise by the Plan Proponents, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

17.5. **Governing Law.** Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of the State of Florida, without giving effect to the conflicts of laws principles thereof, shall govern the construction of the Plan and any agreements, documents, and instruments executed in connection with the Plan, except as otherwise expressly provided in such instruments, agreements or documents.

17.6. **Plan Documents.** All Plan Documents, including, but not limited to the exhibits and schedules to the Plan, the Plan Supplement and the schedules and exhibits to the Plan Supplement, are incorporated into and are a part of the Plan as set forth in full herein.

17.7. **Compliance with Tax Requirements.** In connection with the Plan, the Debtors, the Investment Trust, and the Reorganized Debtors will comply with all withholding and reporting requirements imposed by federal, state and local taxing authorities, and all Distributions hereunder shall be subject to such withholding and reporting requirements.

17.8. **Expedited Determination of Postpetition Taxes.** The Debtors, the Investment Trust, and the Reorganized Debtors are authorized (but not required) to request an expedited determination of taxes under § 505(b) of the Bankruptcy Code for all tax returns filed for, or on behalf of, the Debtors for all taxable periods (or portions thereof) from the Petition Date through (and including) the Effective Date.

17.9. **Sections 1125 and 1126 of the Bankruptcy Code.** As of and subject to the occurrence of the Confirmation Date: (a) the Plan Proponents shall be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including without limitation, §§ 1125(a) and (e) of the Bankruptcy Code, and any applicable non-bankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with such solicitation; and (b) the Plan Proponents, and each of their respective Affiliates, agents, directors, managers, officers, employees, advisors, and attorneys shall be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of any securities under the Plan, and therefore are not, and on account of such offer, issuance, and solicitation will not be, liable at any time for any violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or the offer and issuance of any securities under the Plan.

17.10. **Headings.** The headings used in the Plan are inserted for convenience only and neither constitute a portion of the Plan nor in any manner affect the construction of the provisions of the Plan.

17.11. **Binding Effect.** Upon the entry of the Confirmation Order, all provisions of the Plan shall be binding upon, and shall inure to the benefit of, the Debtors, the Reorganized Debtors, the Investment Trust, the Holders of Claims and Equity Interests, the DIP Lender, and such Persons' respective successors and assigns.

17.12. **No Res Judicata Effect.** Notwithstanding anything to the contrary herein or in the Disclosure Statement, the provisions of the Disclosure Statement and the Plan that permit the Plan Proponents, the Investment Trust or Reorganized Debtors to enter into settlements and compromises of any Cause of Action, shall not have, and are not intended to have, any res judicata or collateral estoppel effect with respect to any Cause of Action, as the case may be, that are not otherwise treated hereunder and shall not be deemed a bar to asserting such Cause of Action, regardless of whether or to what extent such Cause of Action are specifically described herein or Disclosure Statement relating hereto. Unless any of the Causes of Action are expressly waived, relinquished, exculpated, released, compromised or settled herein or by Final Order of the Bankruptcy Court, all such Causes of Action are expressly reserved and preserved for later adjudication and, therefore, no preclusion doctrine, including without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches shall apply to such Causes of Action upon or after Confirmation or consummation of the Plan. Furthermore, notwithstanding any provision or interpretation to the contrary, nothing herein or the Confirmation Order, including the entry thereof, shall be deemed to constitute a release, waiver, impediment, relinquishment or bar, in whole or in part, of or to any recovery rights or any other claim, right or cause of action possessed by the Debtors prior to the Effective Date.

17.13. **Bankruptcy Rule 9019 Request; Impact.** The Plan, including the Plan Supplement or other Plan Document, may provide for one or more compromises or settlements. Pursuant to Bankruptcy Rule 9019, the Plan Proponents hereby request approval of all compromises and settlements included in the Plan, and entry of the Confirmation Order shall constitute the

Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of any such compromise or settlement.

17.14. ***Cramdown.*** This section, along with other requests herein, shall constitute the Plan Proponents' request, pursuant to § 1129(b)(1) of the Bankruptcy Code, that the Bankruptcy Court confirm the Plan notwithstanding the fact that the requirements of § 1129(a)(8) of the Bankruptcy Code may not be met.

17.15. ***Successors and Assigns.*** The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, the heirs, executors, administrators, successors and/or assigns of such Person.

17.16. ***Extension of the Effective Date.*** Through a notice with the Court, the Effective Date may be extended by the mutual consent of the Plan Proponents.

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Dated: April 12, 2017

Respectfully Submitted,

Mosaic Alternative Assets Ltd.

By: 

Name: Andrew Murphy

Title: President and Chief Executive Officer

Mosaic Management Group, Inc.

By: 

Name: Andrew Murphy

Title: President and Chief Executive Officer

Paladin Settlements, Inc.

By: 

Name: Andrew Murphy

Title: President and Chief Executive Officer

Official Committee of Unsecured Creditors

By: _____

Name: _____

Title: _____

Official Committee of Investor Creditors

By: _____

Name: _____

Title: _____

Exhibit A

Exit Facility Term Sheet

DELAYED DRAW TERM LOAN TERM SHEET

DRAFT FOR DISCUSSION PURPOSES ONLY

**[\$10,000,000] Senior Secured Term Loan Credit Facility
("Senior Credit Facility")**

**Summary of Principal Terms and Conditions
March 1, 2017**

*The terms set forth in this Term Sheet (this "**Term Sheet**") are being provided on a confidential basis. This Term Sheet is for discussion purposes only and is not a commitment to provide the Senior Credit Facility or any other financing arrangement. Any agreement to provide the Senior Credit Facility or any other financing arrangement will be subject to definitive documentation satisfactory to the Lender (as defined below) acting in their sole discretion, and approval from their internal credit committees. The Lender cannot guarantee that any such approval will be sought or obtained by it on these terms. The Borrower (as defined below) is not authorized to disclose this Term Sheet to any person other than its professional advisors, who shall agree to maintain its confidentiality. This Term Sheet is proffered in the nature of a settlement proposal in furtherance of settlement discussions, and is intended to be entitled to the protections of Federal Rule of Evidence 408 and any other applicable statutes or doctrines protecting the use or disclosure of confidential information and information exchanged in the context of settlement discussions.*

Borrower: Mosaic Position Holder Trust (the "**Borrower**")

Lender: ASM Capital LLC and its affiliates (the "**Lender**").

Credit Facility: A senior secured, first-lien credit facility in an aggregate principal amount of up to [\$10,000,000] (the "**Senior Credit Facility Commitment**"). The Senior Credit Facility will comprise of two tranches: (1) a \$5,000,000 tranche plus accrued interest thereon up to the Closing Date of a superpriority senior secured debtor in possession credit facility (the "**DIP Credit Facility**") provided by Lender to Mosaic Management Group, Inc., Mosaic Alternative Assets Ltd., and Paladin Settlements, Inc. (the "**Reorganized Debtors**") pursuant to that certain Superpriority Senior Secured Debtor In Possession Credit Agreement dated as of December 23, 2016 (the "**DIP Credit Agreement**"); and (2) a \$5,000,000 tranche of a senior secured, first-lien exit credit facility on terms described in this Term Sheet (the "**Exit Credit Facility**"). The terms of the DIP Credit Facility shall remain the same except for the maturity date thereof which will be extended to be coterminous with the Exit Credit Facility.

Interest: Interest on the Draw (as defined below) made under the Exit Credit Facility shall accrue and be payable in kind at a rate equal to 14.5% per annum, compounded quarterly, and shall be paid in cash on the Maturity Date.

Origination Fee: An origination fee of 50 basis points of the Draw amount shall

be paid in kind on the Closing Date.

- Draw:** Advances under the Exit Credit Facility shall be made available to the Borrowers in one draw of \$5,000,000 less all fees and expenses incurred by Lender (the “**Draw**”) at any time on the later of the Closing Date or May 1, 2017 (such date of the Draw, the “**Funding Date**”).
- Term:** The Exit Credit Facility shall have a term commencing on the Closing Date and a maturity date of December 31, 2019. The maturity date of the DIP Credit Facility will be extended to be coterminous with the maturity date of the Exit Credit Facility. Borrower, with the Lender’s approval, will have the option to exercise two one-year extensions of the maturity of the Senior Credit Facility.
- Collateral:** The obligations of the Borrower under the Senior Credit Facility shall, at all times, be secured by first-priority, perfected security interests in, and liens on, all of the assets of the Borrower, including all deposit accounts, subject only to the pre-existing liens on the assets of the Borrower associated with the DIP Credit Facility provided by Lender and subject to “permitted liens” under the Loan Documents (as defined below) and certain customary exceptions to be mutually agreed. Customary UCC-1 financing statements and a triparty deposit account control agreement will be required to perfect Lender’s lien on the Borrower’s assets and deposit accounts.
- Reserve:** The Borrower shall maintain on deposit in a reserve account an amount agreed upon by the Lender as being the minimum amount required to pay a year’s worth of insurance premiums to maintain all life insurance policies serving as Collateral (the “**Reserve Balance**”). All proceeds from Collateral of the Senior Credit Facility received by Borrower in excess of the Reserve Balance shall be paid to the Lender promptly (and no later than three business days) after receipt thereof by the Borrower. Excess funds will be applied first, in reduction of the amounts owed to the Lender under the Exit Credit Facility and, after all such amounts owed are paid down to zero, second, in reduction of the amounts owed to the Lender under the DIP Credit Facility.
- Make Whole Amount:** The Borrower shall pay to the Lender a make whole amount equal to a year’s Interest accrual with respect to any principal prepayments under the Senior Credit Facility made within the first year of the Draws under the Senior Credit Facility.
- Use of Proceeds:** The proceeds of the Exit Credit Facility will be used (a) to pay transaction costs, fees and expenses that are incurred in connection with the Borrower, and (b) for working capital and general corporate purposes of the Borrower.

Fees and Expenses:

Lender shall receive from the Borrower, on a monthly basis, current cash payment of all reasonable fees and expenses (including, without limitation, the reasonable fees and expenses of their legal counsel).

Closing Date:

The Closing Date shall be a date after completion of the Conditions Precedent as further described below. (the “**Closing Date**”).

Documentation:

The definitive documentation with respect to the Exit Credit Facility (the “**Loan Documents**”) shall include a credit agreement, customary security related documentation, conveyance documents, other agreements and documents related to the foregoing and customary opinion letters of counsel to the Borrower, as to all of the foregoing as mutually agreed, each in form and substance reasonably satisfactory to the Lender and the Borrower. The DIP Credit Agreement will be amended, restated and superseded by the definitive agreements representing the Senior Credit Facility. The terms of the DIP Credit Facility shall remain the same except for the maturity date thereof which will be extended to be coterminous with the Exit Credit Facility.

Representations and Warranties:

Usual and customary representations and warranties for financings of this type (subject to scheduled exceptions and customary qualifications and limitations for materiality to be negotiated), including:

(a) organization; requisite power and authority; qualification; (b) capital stock and ownership; (c) due authorization; (d) no conflict (law or material post-petition obligations); (e) governmental consents; (f) binding obligation of Loan Documents; (g) financial statements; (h) no (unstayed) adverse proceedings; (i) taxes; (j) property; (k) environmental matters; (l) no default; (m) material contracts; (n) governmental regulation, including Investment Company Act; (o) margin stock; (p) employee matters; (q) employee benefit plans; (r) related agreements; (s) compliance with statutes; (t) accuracy of disclosure; (u) Patriot Act; (v) location of property; (w) collateral documents including liens and intellectual property; (x) insurance; and (y) Financing Orders (as defined in the DIP Credit Agreement) not having been (i) vacated, reversed, or stayed, or (ii) amended or modified except as otherwise agreed to in writing by the Lender (after the Closing Date) each acting in their sole discretion.

Affirmative Covenants:

Usual and customary affirmative covenants for financings of this type (subject to exceptions and other qualifications and limitations for materiality to be negotiated), including:

(a) financial statements and other reports, including collateral reports, notices of default, litigation, ERISA, etc.; (b) existence; (c) payment of taxes; (d) maintenance of property; (e) insurance; (f) maintenance of books and records; rights of the Lender to inspect; (g) Lender meetings; (h) compliance with laws; (i) environmental; (j) subsidiaries; (k) security interests; (l) further assurances; (m) non-consolidation; (n) cash management systems; (o) miscellaneous business covenants; (p) information regarding collateral; (q) reasonable access to the financial advisors of the Borrower; (r) payment of material post-petition obligations; (s) delivery of insurance certificates, loss payable and additional insured endorsements; (t) certain post-closing collateral matters to be agreed; and (u) use of proceeds.

Financial Reporting:

Usual and customary reporting requirements for financings of this type (subject to scheduled exceptions and customary qualifications and limitations for materiality to be negotiated).

In addition, Borrowers shall deliver to the Lender, each in form and substance reasonably satisfactory to the Lender (and as modified or supplemented from time to time with the prior written consent of the Lender in its discretion, including any modifications or supplements covering additional time periods), the following:

(a) On the Closing Date, a 13-week budget and forecast of cash receipts, disbursements, net cash flow, set forth on a weekly basis, (together with the updates required below, each a “**Exit Credit Facility Budget**”); provided that the Borrower will provide a revised Exit Credit Facility Budget, substantially in the form set forth in Exhibit A attached hereto, on every fourth Thursday following the Closing Date to extend the Exit Credit Facility Budget period by an additional four weeks.

(b) Beginning two weeks following the Closing Date, a weekly variance report on Thursday of each week showing variances of actual results of the Borrower to the applicable Exit Credit Facility Budget, which shall: (i) compare actual results for the immediately preceding week for each line item contained in the Exit Credit Facility Budgets (including, without limitation, net cash flow, total operating disbursements, total cash receipts and total loan balance), to the applicable Exit Credit Facility Budget for such line items for such week; (ii) compare actual results for the period beginning on the Closing Date and ending on the last day of the immediately preceding week for each line item contained in the Exit Credit Facility Budgets (including, without limitation, net cash flow, total operating disbursements, total cash receipts and total loan balance), to the applicable Exit Credit Facility Budget for such line items for such cumulative period; (iii) explain all material variances set forth therein; and

(iv) be certified by a financial officer of the Borrower.

(c) As soon as available, but in any event within 30 days following the end of each fiscal month, a monthly reporting package in the form separately agreed between the Lender and the Borrower, certified by a financial officer of the Borrower.

Negative Covenants:

Usual and customary negative covenants for financings of this type, including limitations on (subject to exceptions, qualifications and baskets, as appropriate, to be negotiated):

(a) indebtedness; (b) liens; (c) equitable liens; (d) negative pledges; (e) restricted payments; (f) restricted subsidiary distributions; (g) investments (including acquisitions), loans and advances; (h) fundamental changes, including mergers, consolidations, liquidations, dissolutions; (i) disposition of property; (j) sale and leaseback transactions; (k) transactions with shareholders and affiliates; (l) amendments to material agreements in a manner adverse to the Lender in any material respect; (m) appointments of any person to the board of directors of the Borrower; (n) amendments to organizational documents of the Borrower; (o) optional payments and modifications of subordinated and other debt instruments; (p) changes in fiscal year; (q) hedging agreements; and (r) activities of the Borrower.

Financial Covenants:

The financial covenants from the DIP Credit Facility under the DIP Credit Agreement will apply to the Exit Credit Facility.

Events of Default:

Usual and customary events of default for financings of this type (subject to exceptions, limitations, baskets and materiality and other qualifications to be negotiated), including:

(a) nonpayment of principal when due; (b) nonpayment of interest, fees or other amounts; (c) cross-default to the occurrence of a default in respect of any post-petition material indebtedness; (d) breach of covenants; (e) breach of representations and warranties in any material respect; (f) other defaults under the Loan Documents (or same shall cease to be in full force and effect); (g) (i) the termination by any party thereto other than the Borrower of or (ii) the termination of or the filing of a motion terminating or rejecting, in each case by or on behalf of the Borrower, any material lease, material contract or other material agreement, document or instrument on or after the Closing Date to which the Borrower is a party if, in the case of clause (ii) only, the result of such termination or rejection would be adverse to the Lender in any material respect; (h) dissolution; (i) certain ERISA events; (j) a change of control; (k) issues with enforceability of and validity of guaranties, collateral documents or other credit documents, including any assertion of the invalidity of any of the foregoing by or on behalf of the Borrower; and (l) suspension by the Borrower of operation of its

business;.

**Conditions Precedent
to Closing Date:**

Execution and delivery of loan documents, assignment of ownership of the life insurance policies comprising Collateral to the Borrower, and the collateral assignments of such policies in favor of Lender, and such other documents and conditions precedent Lender may reasonably require; and payment of all fees owed to Lender from the DIP Credit Facility and all of the fees and costs of Lender's attorney.

**Expenses and
Indemnity:**

The Borrower will pay all of the reasonable and documented and invoiced out-of-pocket expenses and customary and reasonable administrative charges incurred by the Lender, including, without limitation, appraisal fees, filing and search charges, recording taxes, and legal costs and expenses of the Lender (and, following the occurrence and during the continuance of an Event of Default, reasonable legal costs and expenses of Lender in connection with obtaining payment of the obligations under and otherwise enforcing the provisions of the Loan Documents).

The Borrower shall indemnify and hold harmless the Lender (and their affiliates and their respective officers, directors, employees, advisors, representatives and agents) against, any loss, liability, cost or expense incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof; provided that the Borrower shall have no obligation to indemnify any indemnified person against any such loss, liability cost or expense (x) to the extent they are found by a final judgment of a court of competent jurisdiction to arise from the gross negligence or willful misconduct of such indemnified party or (y) to the extent arising from any dispute solely among indemnified persons other than (i) any claims against the Lender acting in such capacity or in fulfilling such role or any similar role under the DIP Credit Facility and (ii) any claims arising out of any act or omission on the part of the Borrower. Lender shall not be liable to the Borrower or any other person for consequential, special or punitive damages.

Defaulting Lender:

Customary defaulting lender provisions.

Governing Law:

New York and, as applicable, the Bankruptcy Code but excluding any principles of conflict of laws or other rule of law that would cause the application of the law of any jurisdiction other than the State of New York.

Other:

This Term Sheet has been produced for discussion and illustrative purposes only and is not intended to be, and does not constitute, a legally binding obligation of any party to enter into the Exit Credit Facility. Any agreement by the Lender to provide the Exit Credit Facility or any other financing arrangement will be subject to the Lender completion of due diligence and obtaining investment committee approval in their

sole and absolute discretion.

EXHIBIT A

Exit Credit Facility Budget

[Attached]

Exhibit B

Investment Trust Agreement

INVESTMENT TRUST AGREEMENT

for

**MOSAIC MANAGEMENT GROUP, INC.,
MOSAIC ALTERNATIVE ASSETS LTD., AND
PALADIN SETTLEMENTS, INC.**

INVESTMENT TRUST AGREEMENT

This **INVESTMENT TRUST AGREEMENT** (this “Agreement”), dated as of _____, 2017, by and among **MOSAIC MANAGEMENT GROUP, INC., MOSAIC ALTERNATIVE ASSETS LTD., AND PALADIN SETTLEMENTS, INC.**, as jointly administered debtors and debtors-in-possession (each, a “Debtor” and collectively, the “Debtors”), and **MARGARET J. SMITH**, as the Investment Trustee (the “Investment Trustee”), is made and executed pursuant to and in connection with the *Plan Proponents’ Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code* dated _____, 2017 [____], as amended from time to time and as may be modified by any confirmation order (the “Plan”), and filed in the United States Bankruptcy Court for the Southern District of Florida (West Palm Beach) (the “Bankruptcy Court”).

RECITALS

WHEREAS, on August 4, 2016, the Debtors each filed a voluntary petition in Southern District of Florida, West Palm Beach Division for relief under Chapter 11 of the Bankruptcy Code. The cases are being jointly administered under *In Re Mosaic Management Group, Case No. 16-20833-EPK* (the “Chapter 11 Case”);

WHEREAS, the Bankruptcy Court confirmed the Plan by order dated _____, 2017 [____] (the “Confirmation Order”);

WHEREAS, the Plan provides for, *inter alia*, the establishment of an Investment Trust to hold the Investment Trust Assets (as defined below) in trust for the benefit of the Investment Trust Beneficiaries (as defined below), liquidate the Investment Trust Assets, and make Distributions (as defined below) to the Investment Trust Beneficiaries pursuant to the terms of the Plan;

WHEREAS, the Investment Trust (as defined below) is intended to qualify as a “liquidating trust” within the meaning of Treasury Regulation Section 301.770 1-4(d), to be treated as a “grantor trust” for federal income tax purposes; and

WHEREAS, the Investment Trust Beneficiaries desire to exchange their Allowed Claims under the Plan for beneficial interests in the Investment Trust.

NOW, THEREFORE, pursuant to the Plan and the Confirmation Order, in consideration of the mutual agreements of the parties contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and affirmed, the parties hereby agree as follows:

ARTICLE 1
DEFINITIONS

Definitions from the Plan Incorporated Herein. Other than the terms defined below or elsewhere in this Investment Trust Agreement, capitalized terms shall have the meaning assigned to them in the Plan.

1.1 “Business Day” shall mean any day that is not (1) Saturday, (2) Sunday, (3) any other day on which commercial banks in West Palm Beach, Florida are required or authorized to close by law or executive order, or (4) any other day that is a “legal holiday” in the State of Florida, as such term is defined in Bankruptcy Rule 9006(a).

1.2 “Claim” means a “claim,” as defined in § 105(5) of the Bankruptcy Code, against the Debtors or any single Debtor.

1.3 “Distribution” shall have the meaning as set forth in Section 7.2 herein.

1.4 “Effective Date” shall have the meaning as set forth in Section 2.1 herein.

1.5 “IRC” shall mean the Internal Revenue Code of 1986, as amended.

1.6 “IRS” shall mean the Internal Revenue Service.

1.7 “Investment Trust” shall have the meaning as set forth in Section 2.1 herein.

1.8 “Investment Trust Assets” shall mean, other than the Reorganized Debtor Assets (as defined in the Plan), all property of the Debtors’ Estates under and pursuant to § 541 of the Bankruptcy Code, including without limitation (a) the Policies, including all Maturity Funds flowing from or relating to the Policies; (b) the Policy Related Assets; (c) any other legal or equitable interest of the Debtors in any real, personal or intangible property of any nature, including any real estate, buildings, structures, improvements, privileges, rights, easements, leases, subleases, licenses, goods, inventory, materials, supplies, furniture, fixtures equipment, work in process, accounts, chattel paper, Cash, deposit accounts, reserves, deposits, contractual rights, intellectual property rights, Claims, Causes of Action and any other general intangibles, and the proceeds, product, offspring, rents or profits thereof; and (d) any and all Maturity Accounts.

1.9 “Investment Trustee” shall mean Margaret J. Smith, or such other person as may be appointed in accordance with Article 6 herein.

1.10 “Investment Trust Beneficiary” shall mean a holder of an Investment Trust Share.

1.11 “Investment Trust Share” shall mean a beneficial interest in the Investment Trust, which represents the right to receive distributions from the Investment Trust as set forth in the Plan, this Agreement and/or the Confirmation Order, or as otherwise may be approved by the Bankruptcy Court.

1.12 “Permitted Transfer” shall have the meaning set forth in Section 3.4 below.

1.13 “Trust Board” shall mean the board comprised of holders of Investment Trust Shares that are appointed under the terms of the Plan.

ARTICLE 2 THE INVESTMENT TRUST

2.1 Establishment of Investment Trust. Pursuant to the Plan, the Debtors and the Investment Trustee hereby establish the “Mosaic Investment Trust” (the “Investment Trust”) for the benefit of the Investment Trust Beneficiaries. The Investment Trust shall be vested with title to the Investment Trust Assets as of the effective date of the Plan (the “Effective Date”).

2.2 Appointment of Investment Trustee. Margaret J. Smith shall serve as Investment Trustee under the Plan (the “Investment Trustee”), and the Investment Trustee hereby accepts such appointment and agrees to serve in such capacity, effective as of the Effective Date. The Investment Trustee hereby agrees to accept and hold the Investment Trust Assets in trust for the benefit of the Investment Trust Beneficiaries, and distribute the Investment Trust Assets in accordance with the Plan and this Agreement.

2.3 Purpose of Investment Trust.

(a) The Investment Trust is created and organized for the sole purpose of collecting, holding and liquidating the Investment Trust Assets, including, without limitation, investigating, commencing, and prosecuting the Causes in Action, and administering, compromising, settling, withdrawing, objecting to, or litigating the Causes in Action and objections to the Claims under the Plan, and distributing the Investment Trust Assets to the Investment Trust Beneficiaries, with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with the liquidating purpose of the Investment Trust including, without limitation, preserving or enhancing the liquidation value of the Investment Trust Assets.

(b) The Investment Trust is intended to create a trust and a trust relationship and to be governed in all respects as a trust. The Investment Trust is not intended to be, and shall not be deemed to be or treated as, a general partnership, joint venture, corporation, joint stock company or association, nor shall the Investment Trustee or the Investment Trust Beneficiaries, for any purpose be or be deemed to be, liable or responsible hereunder as partners or joint venturers. The relationship of the Investment Trust Beneficiaries to the Investment Trustee shall be solely that of beneficiaries of a trust and shall not be deemed a principal or agency relationship, and their rights shall be limited to those conferred upon them by the Plan and this Investment Trust Agreement.

2.4 Funding of the Investment Trust.

(a) Transfer of Investment Trust Assets. As of the Effective Date, the Debtors hereby transfer, assign, and deliver unto the Investment Trust all of their respective right, title and interest in and to the Investment Trust Assets, free and clear of any and all liens, claims, encumbrances or interests of any kind whatsoever, except as specifically preserved and provided for in the Plan and the Confirmation Order. Notwithstanding anything herein to the contrary, the transfer of the Investment Trust Assets to the Investment Trusts shall divest the Debtors and the Reorganized Debtors of any and all right, title, and interest in and to the Investment Trust Assets such that the Debtors and the Reorganized Debtors shall not have any rights or authority with respect to any Investment Trust Assets vested in the Investment Trust. The Investment Trustee (on behalf of the Investment Trust), as successor in interest to the Debtors' Estates with respect to the Investment Trust Assets, may (i) execute and deliver any instruments, documents, books, and records, and (ii) take, or cause to be taken, all such further action in order to evidence, perfect, or effectuate the transfer of the Investment Trust Assets to the Investment Trust and to consummate transactions contemplated by, and to otherwise carry out the intent of, this Investment Trust Agreement and the Plan. On the Effective Date, all privileges with respect to any Investment Trust Assets to which the Debtors are entitled shall be automatically vested in, and available for the assertion or waiver by the Investment Trustee on behalf of the Investment Trust.

(b) Documentation of Investment Trust Assets. On or as soon as practicable after the Effective Date, the Debtors shall deliver or cause to be delivered to the Investment Trustee any and all documents in connection with the Investment Trust Assets (including those maintained in electronic format and original documents) whether held by the Debtors, their respective employees, agents, advisors, attorneys, accountants, or any other professional. Additionally, the Debtors shall execute any and all such documents as are reasonably requested by the Investment Trustee to evidence the transfer to the Investment Trust Assets (other than legal title to any Reorganized Debtor Assets). Except as otherwise provide for herein or the Plan, the Debtors shall have no further obligation to provide any funding with respect to the Investment Trust.

2.5 Plan Distributions and Reserves. The Investment Trust is hereby deemed vested with title to the Investment Trust Assets on the Effective Date. The Investment Trustee shall distribute from the Investment Trust Assets all Distributions in accordance with the Plan and this Agreement.

2.6 Beneficiaries Deemed Grantors of Investment Trust. It is intended that the Investment Trust will be treated as a "liquidating trust" within the meaning of Treasury Regulation §301.7701-4(d), and as a grantor trust pursuant to IRC Sections 671-677. The transfer of the Investment Trust Assets to the Investment Trustee shall be made for the benefit of the Investment Trust Beneficiaries to the extent such Investment Trust Beneficiary is entitled to an Investment Trust Share under the Plan. Accordingly, for federal income tax purposes, the transfer of the Investment Trust Assets, subject to the assumption of liabilities on a non-recourse basis to the Investment Trust Beneficiaries, to the Investment Trust shall be treated by the Estates and the Investment Trustee as (i) a deemed transfer to the Investment Trust Beneficiaries in full satisfaction of Allowed Claims; and (ii) a deemed transfer to the Investment Trustee in exchange for the Investment Trust Shares in the Investment Trust for the benefit of the Investment Trust Beneficiaries in accordance with the Plan. Notwithstanding anything to the contrary contained

herein or the Plan, the failure of the Investment Trust to be treated for tax purposes in the manner contemplated in this Section 2.6 shall not limit or affect the validity or formation of the Investment Trust, the effectiveness of the Plan or the power or authority of the Investment Trustee, and the Investment Trustee shall be entitled to take such steps or actions as the Investment Trustee deems appropriate or advisable in order to further or support the tax treatment and effects contemplated by this Section.

2.7 Initial Valuation of Investment Trust Assets. The Investment Trustee shall, in consultation with the Trust Board, make a good faith determination of the fair market value of the Investment Trust Assets transferred to the Investment Trust as of the Effective Date and file such valuation with the Bankruptcy Court. This value shall be used consistently for all federal income tax purposes. These valuations shall be without prejudice to the rights and contentions of the parties for any other purpose, including, without limitation, any other purpose under the Bankruptcy Code and particularly Bankruptcy Code § 506.

2.8 Termination of the Investment Trust. The Investment Trust shall be terminated at such time as (i) all Disputed Claims have been resolved; (ii) all of the Investment Trust Assets have been liquidated; (iii) all duties and obligations of the Investment Trustee under this Agreement and the Plan have been fulfilled; (iv) all Distributions required to be made by the Investment Trust under the Plan and this Agreement have been made; (v) the Investment Trustee determines that the administration of any remaining Investment Trust Assets is not likely to yield sufficient additional proceeds to justify further pursuit and/or administration; and (vi) the Chapter 11 Cases have been closed; provided, however, that in no event shall the Investment Trust be dissolved later than five (5) years from the Effective Date unless the Bankruptcy Court, upon motion within the six (6) month period prior to the fifth (5th) anniversary (or the end of any extension period approved by the Bankruptcy Court), determines that a fixed period extension (not to exceed five (5) years, without a favorable letter ruling from the IRS that any further extension would not adversely affect the status of the Investment Trust as a “liquidating trust” for federal income tax purposes) is necessary or appropriate to facilitate or complete the recovery and liquidation of the Investment Trust Assets.

2.9 Fiscal Year. The Investment Trust’s fiscal year shall end on December 31 of each year, unless the Investment Trustee deems it advisable to establish some other date on which the fiscal year of the Investment Trust shall end.

ARTICLE 3

INVESTMENT TRUST SHARES

3.1 Allocation and Distribution of Investment Trust Shares. Allocation and distribution of the Investment Trust Shares shall be accomplished as set forth in the Plan.

3.2 Interests Beneficial Only. The ownership of an Investment Trust Share shall not entitle any Investment Trust Beneficiary to any right, title or interest in or to the Investment Trust Assets (which title shall be vested in the Investment Trust). The Investment Trust Beneficiaries

shall not have any right to call for a partition or division of the Investment Trust Assets or to require an accounting, and shall only entitle holders of Investment Trust Shares to receive Distributions from the Investment Trust only at the times, if any, and from the sources, set forth in the Plan.

3.3. Securities Law Registration. To the extent the Investment Trust Shares are deemed to be “securities”, the issuance of Investment Trust Shares, if any, to holders of Investment Trust Shares shall be exempt, pursuant to section 1145 of the Bankruptcy Code, from registration under the Securities Act of 1933, as amended, and any applicable state and local laws requiring registration of securities. If the Investment Trustee determines that the Investment Trust is required to comply with registration and reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or the Investment Company Act of 1940, as amended (the “Investment Company Act”), then the Investment Trustee shall take any and all actions reasonably necessary to comply with such registration and reporting requirements, if any, and file periodic reports with the Securities and Exchange Commission (the “SEC”). Notwithstanding the foregoing, nothing herein shall be deemed to preclude the Investment Trustee from amending this Agreement to make such changes as are deemed necessary or appropriate by the Investment Trustee to ensure that the Investment Trust is not subject to registration or reporting requirements of the Exchange Act or the Investment Company Act.

3.4 Transfer of Investment Trust Shares. The Investment Trust Shares shall be transferable as provided for herein. Upon written notice to the Investment Trustee by any Investment Trust Beneficiary of a transfer of some or all of the Investment Trust Shares owned by an Investment Trust Beneficiary, the Investment Trustee shall amend the Investment Trust’s books and records to reflect any such transfer of Investment Trust Shares by such Investment Trust Beneficiary as set forth in the notice (“Permitted Transfer”); *provided, however*, that (i) such written notice from the Investment Trust Beneficiary shall contain sufficient information as to the identity of the transferee including such transferee’s full name, address and taxpayer identification number), the number of Investment Trust Shares being transferred, the effective date of such transfer and any other information deemed necessary by the Investment Trustee, and (ii) the Investment Trustee need not reflect any transfer (or make any Distribution to any transferee) and will give notice to such Investment Trust Beneficiary that no transfer has been recognized in the event that the Investment Trustee reasonably believes that such transfer (or the Distribution to such transferee) (a) might cause the Investment Trust to become a reporting company under the Security Exchange Act of 1934, as amended; (b) may constitute a violation of applicable laws; (c) will be contrary to maintaining the Investment Trust as a liquidating trust for federal income tax purposes in accordance with applicable law or as a grantor trust subject to the provisions of Subchapter J, Subpart E of the IRC; or (d) is not adequately, clearly, or properly evidenced by such Investment Trust Beneficiary. A transfer of Investment Trust Shares the satisfies the requirements of this Section 3.4 shall be deemed a “Permitted Transfer.”

3.5 No Certification. Unless the Investment Trustee determines otherwise, the Investment Trust Shares will not be certificated and no security of any sort will be distributed to the Investment Trust Beneficiaries with respect to their interest in the Investment Trust. In the event the Investment Trustee permits the certification of the Investment Trust Shares, the Investment Trustee, with the advice of the Trust Board, shall establish procedures to govern such

certification. Once such procedures have been established, the Investment Trustee shall notify all Investment Trust Beneficiaries of such procedures.

3.6 Absolute Owners. The Investment Trustee may deem and treat the persons who are Investment Trust Beneficiaries (as determined in accordance with the Plan) as the absolute owners of the Investment Trust Shares in the Investment Trust for the purpose of receiving Distributions and payments thereof, or on account thereof, and for all other purposes whatsoever. Unless Investment Trust Shares are transferred pursuant to a Permitted Transfer, the Investment Trustee shall have no duty or obligation to make or direct any Distributions to any transferee of Investment Trust Shares.

ARTICLE 4

INVESTMENT TRUST BENEFICIARIES

4.1 Maintenance of List of Investment Trust Beneficiaries. The beneficiaries of the Investment Trust shall be the Holders of Allowed Class 3 Claims who make the Investment Trust Election or the Hybrid Election and who, through such Election, are entitled to receive Investment Trust Shares pursuant to this Plan and the Investment Trust Agreement and ASM to the extent it has been sold, assigned and transfers any Allowed Claims or portions thereof and is entitled to receive Investment Trust Shares in exchange therefor pursuant to this Plan. In exchange for the contribution of the General Unsecured Claim (or 50% thereof) to the Investment Trust, the Investment Trust Elector will receive one (1) Investment Trust Share for every dollar of its Allowed General Unsecured Claim. Notwithstanding the foregoing, the Investment Trust Shares shall at all times be subject to adjustment, deduction, or offset as set forth in this Plan and the Investment Trust Agreement except that any Investment Trust Shares owned by ASM shall not be subject to setoff.

4.2 Identification of Investment Trust Beneficiaries. In order to determine the actual names, addresses and tax identification numbers of the Investment Trust Beneficiaries with respect to the Debtors, the Investment Trustee shall be entitled to conclusively rely on the names, addresses and tax identification numbers set forth in (a) the list of registered holders maintained by the Debtors; (b) the proof of claim filed against the Debtors in the Bankruptcy Court; or (c) disclosures made by such Investment Trust Beneficiaries. Each Investment Trust Beneficiary's right to any Distribution from the Investment Trust shall be accorded to such Investment Trust Beneficiary under the Plan and as set forth herein. Each Distribution by the Investment Trustee to the Investment Trust Beneficiaries shall be made in accordance with the terms set forth herein. The Investment Trustee may establish a record date that she deems practicable for determining the identity of Investment Trust Beneficiaries for a particular purpose.

4.3 Withholding. Unless otherwise permitted to be paid directly to an Investment Trust Beneficiary, the Investment Trustee shall withhold from the Distributions to the Investment Trust Beneficiaries such sum as may be required to be withheld under the income tax laws of the United States or of any state or political subdivision thereof or any other governmental entity.

ARTICLE 5

TRUST BOARD

5.1 Duties and Powers. The Trust Board is established pursuant to the terms of the Plan and shall function consistent with the Plan and this Agreement. The Trust Board shall represent the interests of the Investment Trust Beneficiaries during the existence of the Investment Trust, and shall have the obligation to undertake in good faith each of the acts and responsibilities set forth in this Agreement or in the Plan for the benefit of the Investment Trust Beneficiaries. The Trust Board shall begin to act on the Effective Date and shall oversee the actions of the Investment Trustee in accordance with the terms of this Agreement until further order by the Bankruptcy Court.

5.2 Trust Board Members. The Investment Trust Board shall consist of ASM, Angelo Diaz, Ido Alexander, Esq. on behalf of Theler AG, Victor Gratacos, Esq., and Zachary Bancroft, Esq. on behalf of Michael Shields, and at no time shall exceed five (5) members. In the event of a vacancy on the Trust Board (whether by removal, death or resignation) a new member shall be appointed to fill such position by the remaining members of the Trust Board; provided, however, that such new member shall not be the subject of existing or potential Causes of Action. In the event the Trust Board is not comprised of at least three (3) or more persons, then the Trust Board shall terminate and the remaining members thereof shall be relieved of any further responsibilities hereunder.

5.3 Trust Board is a Fiduciary. The fiduciary duties that applied to the Committee prior to the Effective Date, as limited by the exculpations, indemnifications and other protections provided in the Plan, this Agreement, and the Confirmation Order, shall apply to the Trust Board. The duties, rights and powers of the Trust Board shall terminate upon the termination of the Investment Trust.

5.4 Conflicts. If the Investment Trustee in good faith perceives a conflict between a provision of this Agreement and a direction by the Trust Board, the Investment Trustee may promptly deliver a notice to the Trust Board requesting clarification and proposing a course of action to be taken by the Investment Trustee. If the Investment Trustee does not receive a written response within three (3) Business Days after receipt of such notice by the Trust Board or the Trust Board seeks intervention by the Bankruptcy Court as provided in Section 5.4 below, then the Investment Trustee may take such actions as the Investment Trustee deems advisable and consistent with the terms of the Plan and this Agreement. In the event a response to such notice is timely received or filing with the Bankruptcy Court timely made, and a disagreement among the parties as to the correct course of action persists, the Investment Trustee may seek resolution of such matter by the Bankruptcy Court. In the event emergency action is required by the Investment Trustee, and the Investment Trustee is unable to provide three (3) Business Days' prior written notice of a conflict, the Investment Trustee is authorized to act notwithstanding the perceived conflict in order to avoid injury or harm to the Investment Trust Assets or the Investment Trust Beneficiaries and shall give such notice, if any, as may be practicable under the circumstances.

5.5 Bylaws and Voting; Selection of Chair; Execution of Documents. A majority of the members of the Trust Board shall constitute a quorum for the transaction of business at any meeting of the Trust Board, with a majority of those present at any meeting being required to take any action by the Trust Board.

5.6 Reporting. The Investment Trustee shall consult with the Trust Board generally and shall report to the Trust Board on a regular basis. The Investment Trustee shall submit such reports as the Investment Trustee deems reasonable to the Trust Board (but at a minimum, quarterly), including, without limitation, reports on the commencement and prosecution of Causes of Action and the proceeds of liquidation of the Investment Trust Assets. The Investment Trustee shall also report to the Trust Board, at the request of any member of the Trust Board, on any matter that reasonably relates to the Investment Trust Assets; provided, however, that in providing such reports the Investment Trustee shall not take any action that will in any way infringe on the attorney-client privilege or jeopardize the viability of on-going litigation by reporting on Causes of Action directly or indirectly to any interested parties that may be on the Trust Board.

5.9 No Compensation; Reimbursement of Trust Board Members. The members of the Trust Board shall serve without compensation, except for reimbursement of fees and expenses as provided for in the Plan and this Agreement. Trust Board members shall be entitled to reimbursement of their actual and reasonable out of pocket expenses as a Trust Board member. The Investment Trust shall reimburse each member of the Trust Board for its respective reasonable and documented expenses, including out-of-pocket expenses relating to airfare, hotel, meals and other travel costs, and postage, telephone and facsimile charges, for work performed on behalf of or relating to the administration of the Investment Trust or the Trust Board, and other necessary expenses.

5.10 Termination. The duties, responsibilities and powers of the Trust Board shall terminate on the date the Investment Trust is dissolved under applicable law in accordance with the Plan.

ARTICLE 6 **THE INVESTMENT TRUSTEE**

6.1 Authority and Responsibility of Investment Trustee. The Investment Trustee shall retain and have all the rights, powers, and duties necessary to carry out his or her responsibilities under the Plan and this Agreement. The Investment Trustee shall be the exclusive trustee of the Investment Trust Assets for the purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. §6012(b)(3), as well as the representative of the Estates appointed pursuant to § 1123(b)(3)(B) of the Bankruptcy Code. Specifically, the Investment Trustee shall act in a fiduciary capacity for the Holders of all Investment Trust Shares and shall have only those rights, powers and duties conferred to him or her by the Plan and this Agreement, as well as the rights and powers of a trustee under sections 542 through 552 of the Bankruptcy Code and the duties of a trustee under sections 704(1),(2),(4),(5),(7) and (9) of the Bankruptcy Code. The Investment Trustee shall also have the power to (a) exercise the rights, power and authority of the Investment Trust under the applicable provisions of the Plan and bankruptcy and non-bankruptcy law, and (b) otherwise implement the Plan, wind up the affairs of the Estates and the Investment Trust, and close the Chapter 11 Cases.

In addition, the Investment Trustee shall be authorized to retain Post Confirmation Professionals in the exercise of her business judgment to represent the Investment Trust in performing and implementing the Plan and the Investment Trustee's duties under the Plan, including pursuing Causes of Action and in respect of any issue, proceeding, claim or cause of action.

6.2 Powers and Duties of the Investment Trustee.

(a) Except as otherwise provided in the Plan, the Confirmation Order, or this Agreement, the Investment Trustee shall have all authority to take all steps deemed by the Investment Trustee to be necessary, appropriate, or desirable to accomplish the purposes of the Plan and to administer and/or otherwise control or exercise authority over the Investment Trust Assets, including without limitation, (i) the payment of all premiums associated with the Policies contributed to the Investment Trust on or after the Effective Date, including the maintenance of the Premium Reserve required by the Investment Trust Agreement; (ii) execute all Exit Facility Documents and take all action in accordance therewith; (iii) resolving any dispute relating to whether the Pre-Petition Default Amount due from any Investor and/or Lapolla Investor is owing or is in the correct amount; (iv) enforcing the Investment Trust's rights under the Plan and the Investment Trust Agreement; (v) administering and enforcing the Investment Trust's rights and obligations under the Servicing Agreement and/or the Exit Facility Documents; (vi) appointing, replacing and directing third party service providers to serve as record owner or beneficiary of record for any or all of the Policies; (vii) paying all Allowed Administrative Claims, Allowed Priority Claims (including Allowed Priority Tax Claims) and any other expenses payable by the Debtors or their Estates that remain unpaid as of the Effective Date or are first Allowed or become payable after the Effective Date; and (viii) evaluating Policies after the Effective Date to determine whether the Investment Trustee should exercise the rights provided under the Plan and the terms of this Investment Trust Agreement.

(b) In addition and except as otherwise specifically preserved herein, the Investment Trust, through the Investment Trustee, will have authority to take all actions necessary to: (a) hold, manage, protect, administer, collect, sell, liquidate, prosecute, transfer, resolve, settle, adjust, invest, distribute, or otherwise dispose of any Investment Trust Assets, subject to the terms of the Exit Facility Documents; (b) reconcile Claims and contest objectionable Claims and Disputed Claims; (c) make all Distributions to be funded under the Plan; (d) pay all necessary expenses incurred in connection with the duties and responsibilities of the Investment Trustee under the Plan, and to borrow funds if and to the extent necessary to do so; (e) administer, implement and enforce all provisions of the Plan applicable to the Investment Trust; (f) file tax returns and make other related corporate filings related to the Debtors; (g) administer the Plan and the Investment Trust Assets; (h) abandon any of the Investment Trust Assets, (i) to invest Cash in accordance with Section 345 of the Bankruptcy Code or otherwise as permitted by order of the Bankruptcy Court, (j) to purchase and carry all insurance policies and pay all premiums and costs deemed necessary and advisable, (k) employ attorneys, accountants, appraisers, expert witnesses, insurance adjusters or other persons whose services may be reasonably necessary or advisable in the sole judgment of the Investment Trustee to advise or assist her in the discharge of her duties as Investment Trustee, or otherwise in the exercise of any powers vested in the Investment Trustee, (l) investigate, file, compromise, settle, withdraw or litigate in the Bankruptcy Court or on appeal (or pursuant to a withdrawal of the reference of jurisdiction) objections to Claims filed against the Debtors' Estate or the Investment Trust, (m) any action reasonably necessary to minimize any adverse federal or

state income tax consequences to the Investment Trust Beneficiaries resulting from any Distribution made by the Investment Trust to such Investment Trust Beneficiaries; and (n) undertake such other responsibilities as are reasonable and appropriate in connection with the Plan.

(c) The Investment Trust, through the Investment Trustee, shall have the right to prepare, file, assert, commence, prosecute and settle, or continue to prosecute in the case of existing actions, any and all Causes of Action and shall be substituted as the real party in interest in any such actions commenced or by or against the Debtors. The Investment Trustee shall prosecute or defend, as appropriate, such actions through final judgment, any appeals deemed necessary and appropriate by the Investment Trustee and the Investment Trustee shall have the power and authority (A) to enter into such settlements as the Investment Trustee deems to be in the best interest of the Holders of Investment Trust Shares, subject to Bankruptcy Court approval after notice and a hearing in accordance with Bankruptcy Rule 9019; or (B) subject to Bankruptcy Court approval after notice and a hearing, to abandon, dismiss and/or decide not to prosecute any such Causes of Action if the Investment Trustee deems such action to be in the best interest of such Holders.

(d) The Investment Trustee shall post a bond in favor of the Liquidating Trust in an amount equal to 110% of the Cash on hand, adjusted from time to time in the discretion of the Investment Trustee. The cost of such bond is payable from the Investment Trust Assets. After making each successive Distribution provided for under the Plan, the Investment Trustee shall have the right to seek a refund of the bond premium based upon the diminution of the Investment Trust Assets resulting from each such Distribution.

6.3 Power to Declare Disputed Ownership Funds. The Investment Trustee shall be permitted to make the election described in Treasury Regulations § 1.468B-9(c)(2)(ii) to treat any portion of the Investment Trust subject to Disputed Claims as a “disputed ownership fund.” The Investment Trustee may establish one or more disputed ownership funds with respect to Disputed Claims. The Investment Trustee may also, to the extent permitted by law, make such an election for state and local income tax purposes. If the election is made to treat any Disputed Claims or Interests as a “disputed ownership fund,” then the Investment Trust may (i) allocate taxable income or loss to such Disputed Claims, with respect to any given taxable year (but only for the portion of the taxable year with respect to which such Claims are Disputed), and (ii) distribute Investment Trust Assets from the Disputed Claims Reserve as, when, and to the extent, such Claims that are Disputed cease to be Disputed, whether by virtue of becoming Allowed or otherwise resolved, subject to such approval of the Bankruptcy Court, if any, as may be required. The Investment Trust Beneficiaries will be bound by such election, if made by the Investment Trustee, and, as such, will, for U.S. federal income tax purposes (and, to the extent permitted by law, for state and local income tax purposes), report consistently therewith.

6.4 Limitation of Investment Trustee’s Authority; Permitted Investments.

(a) No Trade or Business. Notwithstanding anything herein to the contrary, the Investment Trustee shall not (i) be authorized to engage in any trade or business; (ii) take such actions inconsistent with the orderly liquidation of the Investment Trust Assets as are required or contemplated by applicable law, the Plan and this Agreement; or (iii) be authorized to engage in

any investments or activities inconsistent with the treatment of the Investment Trust as a “liquidating trust” within the meaning of Treasury Regulations § 301.7701-4(d).

(b) Permitted Investments. The Investment Trustee is authorized to invest cash Investment Trust Assets only in investments that (a) are consistent with the provisions of § 345 of the Bankruptcy Code unless ordered otherwise by the Bankruptcy Court; and (b) a “liquidating trust” within the meaning of Treasury Regulations § 301.7701-4(d) may be permitted to hold, pursuant to the Treasury Regulations, whether set forth in IRS rulings, notices, guidelines or other IRS pronouncements. Subject to the foregoing, investments of Investment Trust Assets (i) shall be administered in view of the manner in which individuals of ordinary prudence, discretion and judgment would act in the management of their own affairs; and (ii) shall be limited to demand and time deposits, such as certificates of deposit, having maturities of not more than one year, and U.S. Treasury bills or other temporary liquid investments that are readily convertible to known amounts of cash. The Investment Trustee shall have no liability for interest or producing income on any moneys received by the Investment Trust hereunder, and held for distribution or payment to the Investment Trust Beneficiaries, except for interest income actually received by the Investment Trustee. The Investment Trustee shall have no responsibility or liability for or by reason of or in connection with the financial performance of, or any diminution in value or losses suffered or incurred in connection with, any of such investments, or the solvency of any bank or other financial institution.

(c) Trust Board. The Investment Trustee must regularly consult the Trust Board regarding the prosecution and/or settlement of Causes of Action as described in Section 6.2 herein.

(d) No Investment Company. The Investment Trustee shall not take any action that would result in the Investment Trust becoming subject to registration as an “investment company” pursuant to the Investment Company Act.

(e) No Commingling. All cash and Investment Trust Assets received by the Investment Trust shall, until distributed or paid over as herein provided, be held in trust for the benefit of the Investment Trust Beneficiaries, but need not be segregated from other Investment Trust Assets, unless and to the extent required by law or by the Plan. The Investment Trustee shall not commingle any of the Investment Trust Assets with her own property or the property of any other person, except that Investment Trust Assets may be deposited in an IOLTA account maintained by legal counsel for the Investment Trust.

6.5 Reliance by Investment Trustee.

(a) The Investment Trustee, and the Investment Trustee’s agents, including Post Confirmation Professionals, may rely upon, and shall be protected in acting upon, any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Investment Trustee, and the Investment Trustee’s agents, may consult with legal counsel, financial or accounting advisors, and other professionals to be selected by the

Investment Trustee, and neither the Investment Trustee nor such agent shall be liable for any action taken or omitted to be taken by it in accordance with the advice thereof.

(c) Persons dealing with the Investment Trustee or any of the Investment Trustee's agents, including Post Confirmation Professionals, shall look only to the Investment Trust Assets to satisfy any liability incurred by the Investment Trustee or the Investment Trust to such person in carrying out the terms of this Agreement. The Investment Trustee shall have no personal obligation to satisfy any such liability, except to the extent such liability or obligation is determined by a Final Order to have resulted primarily and directly from the Investment Trustee's gross negligence, fraud, or willful misconduct.

6.6 Compensation and Expenses.

- (a) As compensation for services in the administration of the Investment Trust, the Investment Trustee shall receive as compensation an immediate 3% fee from and upon the receipt of any funds, assets, Cash, Maturity Funds, Litigation Proceeds, or any other thing of value, including the Investment Trust Assets which are transferred to the Investment Trust on the Effective Date, but excluding principal loan proceeds received from ASM. The Investment Trustee shall be further entitled to the reimbursement for documented actual and reasonable expenses incurred in performing her duties as the Investment Trustee and shall submit invoices for such actual and reasonable expenses pursuant to Article 8.11(b) below. Should all or any portion of the Policy Portfolio be sold, the Trustee shall be entitled to receive 3% of the gross sales price of the portfolio received.
- (b) The Investment Trustee and the Post-Confirmation Professionals shall be paid 90% of their fees and 100% of their costs on a monthly basis, but shall file fee applications no less frequently than every 180 days seeking approval of fees and expenses to be awarded by the Bankruptcy Court, including approval of the amounts paid on a monthly basis. A Post-Confirmation Professional who fails to file an application seeking approval of compensation and expenses previously paid when such application is due every 180 days shall preclude such Post-Confirmation Professional from being paid monthly as provided herein until an interim fee application has been filed and heard by the Bankruptcy Court. The Bankruptcy Court shall retain jurisdiction to allow or disallow all Post-Confirmation Administrative Claims of the Investment Trustee and the Post Confirmation Professionals. The invoices for services rendered and out-of-pocket expenses incurred which are to be submitted shall be sufficiently detailed to identify the hours worked, the rates charged and the work performed.
- (c) The Investment Trust may employ such staff and obtain such equipment and premises as are reasonably necessary to carry out its functions and duties, store the books and records of the Debtors and compensate such staff and pay for such equipment and premises from the Investment Trust Assets.

6.7 Books and Records.

(a) Pursuant to terms of the Plan, upon the Effective Date, or as soon thereafter as is reasonably practicable, the Debtors shall transfer and assign to the Investment Trust full title to, and the Investment Trust shall be authorized to take possession of, all of the books and records of the Debtors. The Investment Trustee shall have the responsibility of storing and maintaining books and records transferred thereby until otherwise ordered by the Bankruptcy Court upon motion by the Investment Trustee, after which time such books and records may be abandoned or destroyed without further Bankruptcy Court order. The Debtors and the Reorganized Debtors shall cooperate with the Investment Trustee to facilitate the delivery and storage of their books and records in accordance herewith. The Debtors and Reorganized Debtors shall be entitled to reasonable access to any books and records transferred to the Investment Trust for all necessary corporate purposes, including, without limitation, defending or prosecuting litigation, determining insurance coverage, filing tax returns, and addressing personnel matters. For purposes of this Section, books and records include computer generated or computer maintained books and records and computer data, including emails, as well as electronically generated or maintained books and records or data, along with books and records of the Debtors maintained by or in possession of third parties and all of the claims and rights of the Debtors in and to their books and records, wherever located.

(b) The Investment Trustee shall maintain books and records relating to the Investment Trust Assets, the income of the Investment Trust and the payment of expenses of, and liabilities of, or Claims against or assumed by, the Investment Trust in such detail and for such period of time as may be necessary to enable it to make full and proper accounting in respect thereof. Any ledger setting forth the Investment Trust Assets shall measure value for purposes of distribution and compensation hereunder as of the date such Investment Trust Assets are converted into cash. Such books and records shall be maintained on modified cash or other comprehensive basis of accounting necessary to facilitate compliance with the tax reporting and securities law requirements of the Investment Trust. Nothing in this Agreement requires the Investment Trustee to file any accounting or seek approval of any court with respect to the administration of the Investment Trust, or as a condition for managing any payment or distribution out of the Investment Trust Assets.

6.8 Reporting Requirements.

(a) The Investment Trustee shall prepare, file and mail, within the time required by applicable law or regulation, necessary income tax information, tax returns or reports to the Investment Trust Beneficiaries and applicable taxing authorities, including, on an annual basis, the manner and calculation of the Investment Trust's taxable gain or loss which the Investment Trust would recognize if it were a separate taxable entity. The Investment Trustee shall file income tax returns as a grantor trust pursuant to Treasury Regulations§1.671-4(a). If determined to be necessary and advisable by the Investment Trustee, then the Investment Trustee will report to the Investment Trust Beneficiaries in the following manner: The Investment Trustee will prepare annual grantor statements that will list items of income, deduction, and credit applicable to the Investment Trust in the taxable year and provide same to each Investment Trust Beneficiary in accordance with Treasury Regulations§1.671-4. The statement will also specify the pro rata portion of the total items that are attributed to each Investment Trust Beneficiary. The statement

will also provide the amount of any depreciation deduction that should be allocated to each Investment Trust Beneficiary and a sample calculation.

(b) The Investment Trustee shall prepare and file unaudited interim financial reports as may be required by regulatory authorities, applicable laws, rules or regulations or as the Investment Trustee deems advisable during the fiscal year.

(c) As soon as practicable after each calendar quarter, and in no event later than thirty (30) days after the end of each quarter during which the Chapter 11 Cases remain open, the Investment Trustee shall submit to the United States Trustee, and any Investment Trust Beneficiary who requests copies of such quarterly report after the Confirmation Date, an unaudited written report and account showing:

- (i) the assets and liabilities of the Investment Trust;
- (ii) any distributions made and expenses paid pursuant to the Plan and the Investment Trust Agreement during that calendar quarter;
- (iii) any changes in the Investment Trust Assets that have not been previously reported; and
- (iv) any material action taken by the Investment Trustee in the performance of his or her duties under the Investment Trust Agreement that has not been previously reported.

6.9 Successor Investment Trustee

(a) Resignation and Removal of Investment Trustee. The Investment Trustee may resign at any time provided; however, that the Investment Trustee shall file a motion with the Bankruptcy Court in connection therewith and request that a successor or replacement Investment Trustee be appointed in accordance herewith, which motion shall be on notice to the top twenty (20) Holders of Investment Trust Shares and the Trust Board. Any party in interest, by motion filed with the Bankruptcy Court, or the Bankruptcy Court on its own order to show cause, may seek to remove the Investment Trustee for cause, including under Section 324 of the Bankruptcy Code, for the violation of any material provision of the Plan, or in the event the Investment Trustee becomes incapable of acting as the Investment Trustee as a result of physical or mental disability and such physical or mental disability continues for a period in excess of thirty (30) days (except in the case of death, in which instance, the procedures for replacement will begin immediately). In the event of a resignation or removal, the Investment Trustee, unless she is incapable of doing so, shall continue to perform her duties hereunder until such a time as a successor is approved by a Final Order of the Bankruptcy Court. In the event the Investment Trustee resigns or is removed, the successor Investment Trustee shall be elected in the manner prescribed by Section 1104(b) of the Bankruptcy Code.

(b) Continuation of Investment Trust. The death, resignation or removal of the Investment Trustee shall not operate to terminate the Investment Trust created by this Agreement, revoke any existing agency created pursuant to the terms of this Agreement or invalidate any action taken by the Investment Trustee. The Investment Trustee agrees that the provisions of this

Agreement shall be binding upon and inure to the benefit of the Investment Trustee and the Investment Trustee's successors or assigns. In the event of the resignation or removal of the Investment Trustee, the Investment Trustee shall (if alive and competent) promptly perform each of the following:

(i) execute and deliver by the effective date of resignation or removal instruments conveying and transferring to such successor Investment Trustee under the Investment Trust all the Estates, properties, rights, powers, and trusts of such predecessor Investment Trustee, and such other documents, instruments and other writings as may be reasonably required by the successor Investment Trustee to effect the termination of the resigning or removed Investment Trustee's capacity under this Agreement;

(ii) deliver to the successor Investment Trustee all documents, instruments, records and other writings relating to the Investment Trust as may be in the possession or under the control of the resigning or removed Investment Trustee, and

(iii) assist and cooperate in effecting the assumption of the resigning or removed Investment Trustee's obligations and functions by the successor Investment Trustee.

The resigning or removed Investment Trustee hereby appoints the successor Investment Trustee as its attorney-in-fact and agent with full power of substitution and in its name, place and stead to do any and all such acts that such resigning or removed Investment Trustee is obligated to perform under this Section. This power of attorney is coupled with an interest and is irrevocable.

ARTICLE 7

DISTRIBUTIONS

7.1 Application of Investment Trust Assets. The Investment Trustee shall apply Investment Trust Assets only in accordance with this Agreement and the Plan.

7.2 Distributions to Investment Trust Beneficiaries. The Trustee shall distribute at least annually to the Investment Trust Beneficiaries all of the Distributable Cash generated by the Investment Trust Assets during each calendar year; *provided, however*, that the Investment Trustee shall first be required to comply with the terms of the Exit Facility Documents, including if applicable the payment in full of all amounts then owed under the Exit Facility, prior to any such Distribution of Distributable Cash. All Distributions shall be made in proportion to each Investment Trust Beneficiary's respective Pro Rata Share.

7.3 Right of Setoff.

- (a) The Investment Trust shall have the right, without prior approval of the Bankruptcy Court, to set off or recoup against any Claim, and any Distribution to be made on account of such Claim, any and all claims, rights, and Causes of Action of any nature whatsoever that the Debtors, the Reorganized Debtors, or the Investment Trust may have against the Holder of such Claim pursuant to the Bankruptcy Code or applicable non-bankruptcy law, including, but not limited to, all unpaid amounts owed for Pre-Petition Default Amounts.

- (b) In no event shall any Holder of Claims or Equity Interests be entitled to set off any Claim or Equity Interest against any Claim, right, or cause of action of the Investment Trust, the Debtors or Reorganized Debtors, as applicable, unless such Holder has filed a motion with the Bankruptcy Court requesting the authority to perform such setoff on or before the Confirmation Date, and notwithstanding any indication in any proof of claim or Equity Interest or otherwise that such Holder asserts, has, or intends to preserve any right of setoff pursuant to §553 of the Bankruptcy Code or otherwise.
- (c) No payment or Distribution shall be made on account of any Claim or Equity Interest where the Holder has any unresolved liability to the Debtors, the Estates, or the Investment Trust within the scope of Bankruptcy Code § 502(d), including, but not limited to, any actual or potential defendant with respect to any Cause of Action.
- (d) Except as provided in this Plan and/or the Confirmation Order, any Holder of Claim or Equity Interest shall not be entitled to recoup any Claim or Equity Interest against any Claim, right or cause of action of the Debtors, the Investment Trust, or the Reorganized Debtors, as applicable.

7.4 Priorities. Cash available for distribution pursuant to this Article 7 with respect to the Debtors' Estates shall be paid in accordance with the priorities provided for in the Plan.

7.5 Compliance with Laws. Any and all Distributions made by the Investment Trustee shall be in compliance with applicable laws, including, but not limited to, applicable tax, federal and state securities laws, and the Investment Trustee may withhold from amounts distributable to any person any and all amounts, determined in the Investment Trustee's reasonable sole discretion, to be required by any law, regulation, rule, ruling, directive or other governmental requirement.

ARTICLE 8

LIMITATION OF LIABILITY

8.1 Exculpation. Neither the Investment Trustee nor any Post Confirmation Professional nor any member of the Trust Board, nor their respective directors, members, shareholders, partners, officers, agents, employees, attorneys, successors and/or assigns, (each, a "Investment Trust Exculpated Party") and collectively, the "Investment Trust Exculpated Parties"), shall be liable for any claims, causes of action, liabilities, obligations, losses, damages, costs and expenses (including attorneys' fees and expenses), and other assertions of liability (collectively "Investment Trust Released Claims") arising out of the discharge of the powers and duties conferred upon the Investment Trustee or the Trust Board by this Agreement, the Plan or any Order of the Bankruptcy Court, or requested to be performed by the Investment Trustee or any member of the Trust Board, other than for Investment Trust Released Claims determined by a Final Order to have arisen or resulted solely from such Investment Trust Exculpated Party's gross negligence or willful misconduct. Any action taken or omitted to be taken with the approval of the Bankruptcy Court or the Trust Board will conclusively be deemed not to constitute gross

negligence or willful misconduct. With regard to the investment of Investment Trust Assets, no Investment Trust Exculpated Party shall have any liability for any decision regarding the investment of Investment Trust Assets if that investment decision is approved by the Bankruptcy Court. No holder of any claim, Investment Trust Share, or other person will have or be permitted to pursue any claim or cause of action against any Investment Trust Exculpated Party for making or approving, or not making or approving, payments or Distributions in accordance with the Plan or for implementing the provisions of the Plan. The Investment Trustee shall have absolute discretion to pursue or not to pursue any and all claims, Causes of Action, or other matters, activities or things as she determines is in the best interests of the Investment Trust Beneficiaries using her reasonable business judgment and consistent with the purposes of the Investment Trust, and shall have no liability for the outcome of their decisions, except as provided in this paragraph. Each of the Investment Trustee and the members of the Trust Board, may, in connection with the performance of its respective functions, and in its sole and absolute discretion, consult with its attorneys, accountants, financial advisors and agents, and shall not be liable for any act taken, not taken, or suffered to be done in accordance with advice or opinions rendered by such persons, regardless of whether such advice or opinions are provided in writing. Notwithstanding such authority, neither the Investment Trustee nor any member of the Trust Board shall be under any obligation to consult with its attorneys, accountants, financial advisors or agents, and their determination not to do so shall not result in the imposition of liability on the Investment Trustee or such member or any other Investment Trust Exculpated Party, unless such determination is determined by a Final Order to be solely due to such Investment Trust Exculpated Party's gross negligence or willful misconduct.

8.2 Indemnification.

(a) To the fullest extent permitted by applicable law, the Investment Trust shall indemnify, defend and hold harmless each Investment Trust Exculpated Party from and against any and all Investment Trust Released Claims arising out of or resulting from such Investment Trust Exculpated Party's acts or omissions, or consequences of such acts or omissions, with respect to the implementation or administration of the Investment Trust or the Plan or the discharge of its duties hereunder or thereunder, or at the request of the Investment Trustee or any member of the Trust Board, including without limitation, relating to any action, suit, proceeding or investigation brought by or threatened against such Investment Trust Exculpated Party; provided, however, that no such indemnification will be made to such Investment Trust Exculpated Party for Investment Trust Released Claims determined by a Final Order to have arisen or resulted solely from such Investment Trust Exculpated Party's gross negligence or willful misconduct. All Investment Trust Released Claims for which indemnity is provided under this Agreement to any Investment Trust Exculpated Party shall be payable on demand from Investment Trust Assets prior to payment to Investment Trust Beneficiaries from Investment Trust Assets. The Investment Trustee may commit the Investment Trust to indemnify any Investment Trust Exculpated Party in accordance with the terms of this Section in any engagement letter or contract that the Investment Trustee may enter into in connection with hiring or retaining such third parties pursuant to this Agreement.

(d) The rights to indemnification under this Section 8.2 are not exclusive of other rights which any Investment Trust Exculpated Party may otherwise have at law or in equity, including

without limitation, common law rights to indemnification or contribution. Nothing in this Section 8.2 will affect the rights or obligations of any person (or the limitations on those rights or obligations) under this Agreement, or any other agreement or instrument to which that person is a party.

ARTICLE 9

MISCELLANEOUS PROVISIONS

9.1 Amendment. The Investment Trustee may amend, supplement or waive any provision of this Agreement without the consent of any Investment Trust Beneficiary or Trust Board or the approval of the Bankruptcy Court: (i) to cure any ambiguity, omission, defect or inconsistency in this Agreement provided that such amendments, supplements or waivers shall not adversely affect the Distributions to be made under this Agreement to any of the Investment Trust Beneficiaries, or adversely affect the U.S. federal income tax status of the Investment Trust as a “Investment Trust”; (ii) to comply with any requirements in connection with the U.S. federal income tax status of the Investment Trust as a “Investment Trust”; (iii) to comply with any requirements in connection with maintaining that the Investment Trust is not subject to registration or reporting requirements of the Exchange Act, or the Investment Company Act; (iv) to make the Investment Trust a reporting entity and, in such event, to comply with or seek relief from any requirements in connection with satisfying the registration or reporting requirements of the Exchange Act or the Investment Company Act; and (v) to evidence and provide for the acceptance of appointment hereunder by a successor trustee in accordance with the terms of this Investment Trust Agreement and the Plan.

9.2 Waiver. Any substantive provision of this Agreement may be amended or waived by the Investment Trustee, with the approval of the Bankruptcy Court or the Trust Board upon notice and an opportunity for a hearing; provided, however, that no change may be made to this Agreement that would adversely affect the distributions to be made under this Agreement to any of the Investment Trust Beneficiaries, or adversely affect the U.S. federal income tax status of the Investment Trust as a “Investment Trust.” Notwithstanding this Section 9.2, any amendments to or waiver of this Agreement shall not be inconsistent with the purpose and intention of the Investment Trust to liquidate in an expeditious but orderly manner the Investment Trust Assets in accordance with Treasury Regulations §301.7701-4(d).

9.3 Intention of Parties to Establish Grantor Trust. This Agreement is intended to create a grantor trust for federal income tax purposes and, to the extent provided by law, shall be governed and construed in all respects as a grantor trust.

9.4 Successor; Preservation of Privilege. The Investment Trust shall be the successor to the Debtors for the purposes of §§ 1123, 1129, 1142 and 1145 of the Bankruptcy Code and with respect to all Causes of Action and other litigation-related matters. In connection with the rights, Claims, and Causes of Action that constitute the Investment Trust Assets, any attorney-client privilege, work-product privilege, or other privilege or immunity attaching to any documents or communications (whether written, or oral) transferred to the Investment Trust shall vest in the Investment Trust and its representatives, and the Investment Trustee is authorized and directed to take all necessary actions to effectuate the transfer of such privileges. The Investment Trustee and

the Trust Board shall be deemed to have a joint and common interest and, as such, communications among the Investment Trustee and the Trust Board shall be protected from disclosure. The Investment Trustee may waive its attorney-client privilege with respect to any Cause of Action or other litigation-related matter, or portion thereof, in the Investment Trustee's discretion.

9.5 Governing Law; Venue. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA, WITHOUT REGARD TO ANY CONFLICTS OF LAW PROVISIONS THAT WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION. BY ITS EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES FOR ITSELF THAT ANY LEGAL ACTION, SUIT, OR PROCEEDING AGAINST IT WITH RESPECT TO ANY MATTER UNDER OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT RENDERED IN ANY SUCH ACTION, SUIT, OR PROCEEDING, SHALL BE BROUGHT IN THE BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF FLORIDA AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HEREBY IRREVOCABLY ACCEPTS AND SUBMITS ITSELF TO THE NONEXCLUSIVE JURISDICTION OF EACH SUCH COURT, GENERALLY AND UNCONDITIONALLY, WITH RESPECT TO ANY SUCH ACTION, SUIT, OR PROCEEDING AND AGREES THAT SERVICE OF PROCESS IN CONNECTION THEREWITH SHALL BE EFFECTIVE IF MADE BY FIRST CLASS MAIL AND SHALL NOT CONTEST THE FORM OF MANNER OF SUCH SERVICE.

9.6 Jurisdiction. Without limiting any person or entity's right to appeal any order of the Bankruptcy Court or to seek withdrawal of the reference with regard to any matter, notwithstanding anything contained herein to the contrary, the Bankruptcy Court has and shall retain post-Confirmation jurisdiction over all controversies, suits and disputes that may arise under this Agreement, including, without limitation, the interpretation or enforcement of this Agreement, the distribution of Investment Trust Assets (including without limitation the persons entitled to receive any Distribution) and jurisdiction over any interpleader action that the Investment Trustee may file in the Bankruptcy Court to determine the identity of such persons, any petition to remove the Investment Trustee, and any disputes between the Investment Trustee, the Investment Trust, the Trust Board, and holders of Claims or Interests. The Investment Trustee shall also have standing in any such proceeding to represent and enforce the rights of the Investment Trust and the Investment Trust Beneficiaries arising under this Agreement or the Plan, and the Trust Board shall have standing in any such proceeding to appear. Any and all Claims against or disputes to which the Investment Trustee or the Trust Board is a party regarding this Agreement, the amount of distributions to be made hereunder or under the Plan, or the persons to whom such distributions should be remitted, are subject to the exclusive jurisdiction of the Bankruptcy Court, to the extent the Bankruptcy Court has retained post-Confirmation jurisdiction over such matter.

9.7 Dispute Resolution. In the event of any material disagreement, dispute or other impasse between the Investment Trustee and the Trust Board in connection with a proposed decision or action by the Investment Trustee in the exercise of its duties under the Investment Trust, the Investment Trustee's position shall govern and control unless, within three (3) Business

Days, the Trust Board seeks (on an expedited basis if desired) Bankruptcy Court review and approval of such decision or action, in which case any such proposed decision of the Investment Trustee shall be held in abeyance (to the extent reasonable and practicable and except as provided in Section 5.4 for emergency situations) until such time as Bankruptcy Court approval is obtained.

9.8 Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be finally determined by a court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and such provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

9.9 Notices.

(a) All notices, requests or other communications to the parties hereto shall be in writing and shall be sufficiently given if (i) sent by electronic mail or facsimile communication (as evidenced by a confirmed fax transmission report); (ii) sent by registered or certified mail, return receipt requested; or (iii) sent by commercial delivery service or courier. Until a change of address is communicated, as provided below, all notices, requests and other communications shall be sent to the parties at the following addresses or facsimile numbers:

If to the Investment Trustee:	Glass Ratner Advisory & Capital Group Attn: Margaret J. Smith 1400 Centrepark Boulevard Suite 860 West Palm Beach, FL 33401 Email: msmith@glassratner.com Facsimile: (305) 358-7039
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With a copy to:	Glass Ratner Advisory & Capital Group Attn: Alan Barbee 1400 Centrepark Boulevard Suite 860 West Palm Beach, FL 33401 Email: abarbee@glassratner.com Facsimile: (305) 358-7039
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If to Reorganized Debtors:	Mosaic Management Group, Inc. Mosaic Alternative Assets, Ltd. Paladin Settlements, Inc. Attn.: Andrew Murphy, President and Chief Executive Officer
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[Insert Address]

Facsimile: _____

Email: _____

With a copy to:

Kristopher E. Aungst, Esq.
Angelo M. Castaldi, Esq. Tripp Scott, P.A.
110 SE 6th Street, 15th Floor
Fort Lauderdale, FL 33301
Tel: (954) 525-7500
Fax: (954) 761-8475
Email: kea@trippscott.com
Email: amc@trippscott.com

If to members of the Trust Board:

Facsimile: _____

Email: _____

With a copy to:

Facsimile: _____

Email: _____

All notices shall be effective and shall be deemed delivered (i) if by electronic mail or facsimile communication, on the date of receipt or confirmed transmission of the communication; and (ii) if by mail, on the date of receipt. Any party from time to time may change its address, facsimile number, or other information for the purpose of notices to that party by giving notice specifying such change to the other party hereto.

(b) Any notice or other communication hereunder shall be in writing and shall be deemed to have been sufficiently given, for all purposes, if given by means reasonably calculated to apprise the Investment Trust Beneficiaries.

9.11 Third-Party Beneficiary. There shall be no third-party beneficiaries of the Investment Trust; provided, however, that the Trust Board and the Investment Trust Beneficiaries shall be express third-party beneficiaries hereof.

9.12 Headings. The section headings contained in this Agreement are solely for convenience of reference and shall not affect the meaning or interpretation of this Agreement or of any term or provision hereof.

9.13 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original instrument, but all together shall constitute one agreement.

9.14 Entire Agreement. This Agreement, the Plan and the Confirmation Order constitute the entire agreement by and among the parties hereto and there are no representations, warranties, covenants or obligations except as set forth herein or therein. This Agreement, the Plan and the Confirmation Order supersede all prior and contemporaneous agreements, understandings, negotiations, discussions, written or oral, of the parties hereto, relating to any transaction contemplated hereunder. Except as otherwise specifically provided herein, in the Plan or in the Confirmation Order, nothing in this Agreement is intended or shall be construed to confer upon or to give any person other than the parties thereto and their respective heirs, administrators, executors, successors, or assigns any right to remedies under or by reason of this Investment Trust Agreement.

9.15 Rules of Construction. The Plan and the Confirmation Order are each hereby incorporated into this Agreement and made a part hereof by this reference; provided, however, to the extent that there is a conflict between the provisions of this Agreement, the provisions of the Plan, and/or the Confirmation Order, each such document shall have controlling effect in the following order: (1) the Confirmation Order; (2) the Plan; and (3) this Investment Trust Agreement.

IN WITNESS WHEREOF, the parties hereto have either executed and acknowledged this Investment Trust Agreement, or caused it to be executed and acknowledged on their behalf by their duly authorized officers all as of the date first above written.

**MOSAIC MANAGEMENT GROUP, INC.,
MOSAIC ALTERNATIVE ASSETS LTD.,
AND PALADIN SETTLEMENTS, INC.**

Printed Name:_____

Printed Name:_____

By:_____
ANDREW MURPHY
President and Chief Executive Officer

STATE OF FLORIDA
COUNTY OF BROWARD

SWORN TO AND SUBSCRIBED before me on _____, 2017 by the Trustee, **ANDREW MURPHY, as President and Chief Executive Officer of MOSAIC MANAGEMENT GROUP, INC., MOSAIC ALTERNATIVE ASSETS LTD., AND PALADIN SETTLEMENTS, INC.,** who is personally known to me or has produced the following form of identification: _____.

Notary Public - State of Florida
Printed Name:

Printed Name:_____

, **Investment Trustee**

Printed Name:_____

STATE OF FLORIDA
COUNTY OF BROWARD

SWORN TO AND SUBSCRIBED before me on _____, 2017 by the Trustee, , **as Investment Trustee**, who is personally known to me or has produced the following form of identification: _____.

Notary Public - State of Florida
Printed Name:

EXHIBIT A

RETAINED ASSETS

Exhibit C

List of “Investors”

Mosaic Management Group, Inc. et al

Case No. 16-20833-EPK

"Investors" as defined by Article 1 of the Plan

Investor Client Name	Investor Client ID
A New Vision in Educational Services and Materials	2249
ABE Wolf Software GmbH	602
Ada de la Vega Haddock	307
Ada Haddock Saldana	308
Adelmeyer, Jens	818
Adolfo Sanchez Ortiz	2326
Albert Schnitzenbaumer	607
Aldred Catherine Rose	334
Alex David Hernandez Soto	2338
Alexis Garcia Carrucini	2264
Alfredo Luis Esposito	25
ALONSO BAHAMONDES VILLEGAS	28
Alvaro Augusto Teixeira Vargas	316
Ammann, Marcel Heinz	2075
Amnerys Vanessa Davila Ayala	2303
Ana Maria Presta	31
Ana Rosa Herrera Torres	2040
Andreas Hettich GmbH & Co. KG	618
Andreas Hurlimann	620
Andreas Mayer	2164
Andrew Powell	1889
Angel G. Berrios Castrodad	2252
Angela Franz	626
Angelika Sihn-Kienzle	627
Angeline Rivera	2327
Angelo Diaz Gonzalez	320
Angelo L. Haplea	628
Anita Allbright	37
Annie Geraldine Burchell	P-1
Anthamatten, Juliana Agatha	2192
Antonio J. Abellas Chirivella	1136
Anzalone, Vincenzo	1696
Armbruster, Dirk Robert	706
Armin Schott	641
Arnulf Rupp	798
Arturo Carlos Rega	2020
Arwayne Bishop	P-2
Backheuer, Klaus Joerg	866
Bahr, Burkhard Ruthard	668
Barbara Andrea Fertilo	47

Mosaic Management Group, Inc. et al**Case No. 16-20833-EPK****"Investors" as defined by Article 1 of the Plan**

Investor Client Name	Investor Client ID
Barry Cavett	P-4
Baumgartner, Peter Gottfried	2223
Bayerlein, Michael	917
Becker, Christel	674
Beckert, Ronny	997
Beger, Alexandra Martina	608
Behmel, Nadja	928
Benjamin Hughes Gwynne &	1272
Benjamin Pascal Rauber	2216
Berkeley Burke SIPP Administration Limited FBO: Alan Robert Wheatley	2007
Berkeley Burke SIPP Administration Limited FBO: Andrew Po Man Tse	1895
Berkeley Burke SIPP Administration Limited FBO: Craig Poxon	2033
Berkeley Burke SIPP Administration Limited FBO: Iain Alastair Ewe	2129
Berkeley Burke SIPP Administration Limited: Alan Joseph Vaughan	2112
Berkeley Burke SIPP Administration Limited: Alan Robert Scott	1989
Berkeley Burke SIPP Administration Limited: Amanda Joy Rolle	1982
Berkeley Burke SIPP Administration Limited: Andrew Keith Hitchborn	1893
Berkeley Burke SIPP Administration Limited: Anne Marie Leeke	2010
Berkeley Burke SIPP Administration Limited: Brendan Gordon Dee	1987
Berkeley Burke SIPP Administration Limited: Brian Mark Green	2008
Berkeley Burke SIPP Administration Limited: Daniel Milne Krywyj	1868
Berkeley Burke SIPP Administration Limited: Delroy Lee Malcolm	2015
Berkeley Burke SIPP Administration Limited: Frank Gudelajtis	2089
Berkeley Burke SIPP Administration Limited: Gary Gordon Richards	2009
Berkeley Burke SIPP Administration Limited: Gary Rodney Barton	1866
Berkeley Burke SIPP Administration Limited: Ian Lord	2176
Berkeley Burke SIPP Administration Limited: Ian Victor Fryer	1986
Berkeley Burke SIPP Administration Limited: Jason Gibbs	2085
Berkeley Burke SIPP Administration Limited: Jason Koon Man	1854
Berkeley Burke SIPP Administration Limited: Jeremy Harry Nicholas	2056
Berkeley Burke SIPP Administration Limited: John Robert Hillier	1850
Berkeley Burke SIPP Administration Limited: Kenneth Raymond Burt	2162
Berkeley Burke SIPP Administration Limited: Kevin Gordon Challinor	2025
Berkeley Burke SIPP Administration Limited: Kevin William Kiley	1891
Berkeley Burke SIPP Administration Limited: Marcus Adrian Joseph Rolle	1983
Berkeley Burke SIPP Administration Limited: Mark Leslie Davies	2003
Berkeley Burke SIPP Administration Limited: Michael Edward William Stacey	2126
Berkeley Burke SIPP Administration Limited: Paul George Dry	2163
Berkeley Burke SIPP Administration Limited: Peter Ricky Hawketts	1874
Berkeley Burke SIPP Administration Limited: Philip Andrew Cooper	2066

Mosaic Management Group, Inc. et al

Case No. 16-20833-EPK

"Investors" as defined by Article 1 of the Plan

Investor Client Name	Investor Client ID
Berkeley Burke SIPP Administration Limited: Robert James Bourne	2068
Berkeley Burke SIPP Administration Limited: Roy Roger Griffiths	2006
Berkeley Burke SIPP Administration Limited: Scott William Young	2113
Berkeley Burke SIPP Administration Limited: Stuart M. Astell	1848
Berkeley Burke SIPP Administration Limited: Susan Patricia Taylor	2064
Berkeley Burke SIPP Administration Limited: Wayne Brian Gee	1862
Berkeley Burke SIPP Administration Ltd FBO: Keith David Gibbons	1994
Berkeley Burke SIPP Administration Ltd FBO: Robert Iain Ferguson	2024
Bernd Schomann	656
Bernd Wallerand	657
Biedermann Beatrice	2076
Bienvenida Gonzalez Ruiz	2240
Biesenecker, Horst Josef & Ulrike Reta	799
Birkhahn, Sylvia	1037
Bishop, Paul Richard & Kathleen Emma	2029
Bliklen, Anette Tabera	625
Blohm, Wolfgang Hermann Martin	1097
Blume-Kotzur, Karin	1118
Bobst-Schuhmayr, Yvonne	2191
Boff, Roland	994
Bolivar Burgos Vargas	2258
Brandstater, Martin	907
Brandt, Thorsten	1053
Braun, Christine Barbara	685
Brechbuhl, Anna	2142
Brigitte Friebe	663
Brigitte Margarete Selma Roemer	664
Brigitte Voigt	665
Bruckner, Jurgen Gerhard	840
Brunhilde Buhler	667
Brunner, Rupert Ludwig	1007
Brunschwiler Reto Andre	1871
Buchner, Horst	800
Burkl, Peter	950
Caja Paraguaa de Jubilaciones y Pensiones	329
Camille Carlota Malaret Lopez	2232
Cange, Klaus Peter	873
Carlos A. Ocasio Gracia	2286
Carlos L. Rosado	330
Carlos Manuel Malaret Soto	2231

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Carlos O. Hernandez Llerena	331
Carlos Valentin Santos Rivera	2295
Carmen Lidia Rios	332
Carmen Victoria La Luz Gonzalez	2298
Caroline Schubert	670
Chiarello, Giorgio	758
Christa Muller	2072
Christel Jelinek	675
Christian Alfred Pollman	676
Christian Franz Hermann Pörtl	678
Christian Helmuth Fortsch	679
Christiane Schneider	682
Christina Maria Pia de Groof	2201
Christine Jimenez Davila	2290
Christoph, Peter	951
Christopher Jowle and PAL Trustees	1838
City Pensions Ltd. FBO: Rory Anthony Gear	2034
Claudia Schiller	692
Comprehensive Ophthalmology Services, LLC	2262
Cooke	306
COOPACA	2324
Courtiers Pension Nominees Ltd. FBO George Ernest Collins	2273
Crimson Development Group, Inc.	2165
Cristian & Gaston Favereau	85
CURTIS BANKS SIPP B R CLIFFORD	1817
CURTIS BANKS SIPP J P RUDD	1836
Dale C. Sullins	P-7
Dante Alberto Schaller	343
Dashira M. Rosario Mercado	2244
David Fretthold	352
Deerberg, Coletta	695
Derstroff-Haselier, Ute Maria	1072
Dewi Vaughan Roberts	1492
Dibbern, Malte	883
Dieter Karl Reinauer	702
Dirk Mitschka	709
Dirk Stenzel	710
Domes, Sabine	1010
Dommerholt, Jan	388
Dr sc. pol. Reinhard Becker	2155

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Investor Client Name	Investor Client ID
Dr. Benno Leo Stork Genannt Wersborg	651
Dr. Christiane Dyrssen	681
Dr. Fernando Ortiz Maldonado	2242
Dr. Helmar Oppitz	654
Dr. Jurgen Kuhlwein	715
Dr. Manfred Schrader	719
Dr. Margarete Uta Gross	1070
Dr. Martin Walther	752
Dr. Oliver Wolff-Rojczyk	941
Dr. Peter Ring	956
Dr. Roland Josef Muller	2061
East, Nigel Robert & Clare Elizabeth	1990
Eberle, Klaus-Gunter	865
Edelmira Elena Gallino Mayer	359
Edgar Rivera Ocasio	360
Edmundo Manuel Munoz	103
Edna Gomez Pinto	2039
Eduardo Canto Repetti	2317
Eduardo Cernadas	362
Edwin I. Rivera-Malave	2014
Edwin Oscar Torres del Toro	2291
Eja Retirement Plan	2309
Elina Alicia Dominguez	363
Elisabeth Roberts	1497
Elizabeth Lidia Corvalan	219
Elizabeth Morales Velez	2308
Elizabeth Naylor	364
Elsa Gonzalez Bonilla	2340
Elsbeth Anna Beyer	725
Emborg, Torben	1059
Emilio Peña Enciso	2239
Endres, Markus Rudi	905
Engelke, Wiebke	1089
Enrique Miguel Figueroa Santos Buch	2334
Erben, Andreas	616
Erhard Rudiger Brumme	727
Eric Terwilliger	728
Erick A. Torres Soto	2348
Erika Olschewski	635
Ernesto Cesar Santos Diaz	2271

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Ernst Manfred Reissland	732
Eugenio A. Portela Asensio	2028
Eva Maria Naumann	734
Evelyn S. Gonzalez	369
Ewald, Frank-Georg	2154
Felix M. Zeno-Gloro	371
Fideicomiso Arias - Gonzalez	2293
Fideicomiso C.A.G.	2356
Fideicomiso E.O.J.E.R	2280
Fleury, Franziska Theresia	2167
Foelsche-Schiedat, Karin	852
Fortsch, Thomas Konrad	1045
Francisco Eduardo Lafontaine Montero & Ivan Antonio	2314
Francisco PLA Mendez	1157
Frank Benes	P-3
Franz Rossle	741
Franz, Wolfgang	2038
Franziska Maria and Fritz Jurgen Mueller	744
Franz-Josef Theiler	1743
Fraser Howard Thomas	1774
Freddie Rodriguez Rivera	2229
Frischeisen, Markus	900
Fuhrer Verena und Anton	2267
Fundacion Promotora de Vivienda	136
Fundacion Rios Pasarell, Inc.	2306
Fux, Beat	2168
Gabriela Monica Liniado	372
Gamaliel Perez Alvarez	373
Gambino, Tommaso	1057
Garbely, Michel	2074
Garbely-Clausen, Agnes Marie	2073
Gareth Lloyd Edwards	1984
Gassner, Ludwig	881
Geheeb, Manfred & Sabine Anna	886
General Medica de Imagenes	374
George White	376
Georges Preiswerk	2041
Gerald Ernst Reddig	2101
Gerber, Nicole	931
Gerhard Weinmann	757

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Investor Client Name	Investor Client ID
Gladys Rivera Negrón	2234
Gnaegi, Stefan Ulrich	1806
Goldstein, Jay H.	179
Graciela Bucchioni	2284
Grahm, Aline	611
Grenz, Roman	996
Grethe Andresen	1763
Gruber, Erich	2169
Gruner, Regina Maria	977
Guardian SIPP Re: Adrian Warner	2102
Guardian SIPP Re: Alan Wright	2036
Guardian SIPP Re: Amanda Wilson	2047
Guardian SIPP Re: Andrew Douglas	1880
Guardian SIPP Re: Andrew Holt	1792
Guardian SIPP Re: Andrew Kelly	2087
Guardian SIPP Re: Andrew Rees	1865
Guardian SIPP Re: Bradley Baker	2118
Guardian SIPP Re: Carl Goodchild	1790
Guardian SIPP Re: Carolyn Adamczyk	2109
Guardian SIPP Re: Christopher Moore	2086
Guardian SIPP Re: Darran Slater	1890
Guardian SIPP Re: David Cheesmond	2090
Guardian SIPP Re: Esther Lafferty	2125
Guardian SIPP Re: Francisco Nunes	2057
Guardian SIPP Re: Frank Turpin	1841
Guardian SIPP Re: Gary Smith	1881
Guardian SIPP Re: Geoffrey Clewes	2045
Guardian SIPP Re: George More	2062
Guardian SIPP Re: Ian Angus	2027
Guardian SIPP Re: Ian Brady	1892
Guardian SIPP Re: Ian Jackson	2052
Guardian SIPP Re: Ian Machin	2110
Guardian SIPP Re: Ian Parkinson	2053
Guardian SIPP Re: Jacqueline Watling	2117
Guardian SIPP Re: John Calleja	2023
Guardian SIPP Re: John Greaves	1898
Guardian SIPP Re: John Matthews	1856
Guardian SIPP Re: John Turpin	2043
Guardian SIPP Re: Julie-Anne Hughes	2095
Guardian SIPP Re: Kelvin Robins	2055

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Investor Client Name	Investor Client ID
Guardian SIPP Re: Laurence Rowe	1818
Guardian SIPP Re: Michael Lowe	1834
Guardian SIPP Re: Michael Mathias	1821
Guardian SIPP Re: Michael Whitton	1833
Guardian SIPP Re: Nicholas Vose	2044
Guardian SIPP Re: Phillip Beswick	2077
Guardian SIPP Re: Raymond Clark	1839
Guardian SIPP Re: Robin Williams	2111
Guardian SIPP Re: Ruth Apperley	2083
Guardian SIPP Re: Sharon McGifford	2054
Guardian SIPP Re: Simon Jones	2091
Guardian SIPP Re: Stephen Cullen	1878
Guardian SIPP Re: Stephen Griffiths	1992
Guardian SIPP Re: Stephen Newing	2119
Guardian SIPP Re: Steven Parker	2120
Guardian SIPP Re: Steven Paxton	1995
Guardian SIPP Re: Steven Russell-Ingham	2067
Guardian SIPP Re: Susannah Kate Sherwin	1879
Guardian SIPP Re: Teresa Rouse	2123
Guardian SIPP Re: Trevor Walker	2046
Guggert, Markus	901
Gwenan Thomas	1268
Halbig, Ottmar	943
Hammes, Klaus Peter	1709
Handke, Heiko	779
Hans Gunther Eckert	149
Hans Peter Malz	770
Harald Bernhard Nesswitz	771
Hartmut Franke	773
Hector Codo	151
Hector E. Borrero Quintana	2337
Heisler, Adam Stefano	606
Henrik Reichardt	788
Herbert Peter Steinmetz	789
Hermann Graf	791
Heuner, Gerhard	749
Heyng, Susanne C.	1032
Hildegard Schafer	794
Hiram Daniel Ortega Cruz	2333
Hisserich, Dirk Karl Wilhelm	708

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Investor Client Name	Investor Client ID
Hochneder, Gerhard Martin	750
Hochneder, Johann and Gertraud	823
Holzkamp, Heinke Marie	780
Homer A Brown	P-34
Homer A Brown, Jr.	P-38
Horn, Karin Lieselotte Marie	853
Hornbuckle Mitchell Group Lim FBO: Richard David Taylor Phillips	440
Hornbuckle Mitchell Group Limited FBO: ECP Pension	358
Horst Heinz Schmid	802
Horst Wolfgang Beck	1096
Huber, Anita Bettina Josefine	1706
Hupfer, Bernd	714
I.P.M. Personal Pension Trustees Ltd: Allen Terry Salter	1462
I.P.M. Personal Pension Trustees Ltd: Carl Adrian Brunning	1961
I.P.M. Personal Pension Trustees Ltd: Christopher Whaley	2013
I.P.M. Personal Pension Trustees Ltd: Edward Stuart McEwen	1971
I.P.M. Personal Pension Trustees Ltd: John Austin Adey	1831
I.P.M. Personal Pension Trustees Ltd: Jonathan Eric Gunn	1967
I.P.M. Personal Pension Trustees Ltd: Kevin Aksel McKenna	1972
I.P.M. Personal Pension Trustees Ltd: Michael Anthony May	1970
I.P.M. Personal Pension Trustees Ltd: Roger Brian Salter	1832
I.P.M. SIPP Administration Limited FBO: Christopher Deshon Eric Hardaker-4065	1968
Ian Samuel Fergusson	382
Ian Terence Terry	1973
Ida Johanna Ziegenhagel	805
Ieuan and Vera Thomas	383
Ilias Josef Kilchherr	2193
Imhof, Thomas Guido	2138
Instituto de Hematologia y Oncologia Medica, SF #98-1683 - Dr. Roman	384
Instituto de Hematologia y Oncologia Medica, SF #98-1683 - Dr. Velez	385
IPS SIPP FBO: Janet Marilyn Cooke	2004
Irma Lopez Serrano	1993
Ismael Mario Dolso	2342
Ivette Liz Reyes Solis	2202
Jacobsen, Hannelore Silvia	767
Jager, Kai Bernhard Wilhelm	849
Jaime Alfredo Vazquez Velazquez	2241
Jaime Rivera Dueno & Carmen L. Rodriguez	386
Jaime Xavier Pantoja Lozada	2275
Jan Raul Rodriguez Ferrer	2321

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Investor Client Name	Investor Client ID
Javier Denis Quinones	1153
Javier Ramon Marquez Graciani	2315
Jeger, Norbert Philipp & Elke Elisabeth	723
Jennor Timber Executive Pension Scheme	2018
Jenny Fen Chang NG	2276
Joel Rodriguez-Fernandez	2248
Johann Georg & Anna Enzinger	822
Johannes-Erich Behmel	827
Johannsen-Hering, Kirsten	863
Jones, Geraint & Meinir Lloyd J	1159
Joosten, Wilhelmus Helena Hendrikus	1091
Jorge A. Torres Scandali	2346
Jorge J. Jadraque	188
Jorge Ocasio Rivera	2233
Jose A. Alvelo Figueroa	1997
Jose E. Arias Benabe	2279
Jose E. Arias Retirement Plan	2343
Jose M. Alvarado, Jr.	2236
Jose M. Morillo Limardo	2311
Jose Santiago Santiago	1812
Josef Karl Johannes Alp	831
Josef Roider	833
Jossie Sosa Valle	1979
Juan B. Alvelo Cruz	1998
Juan Carniglia Montesanto	201
Juan David Rios Rios	2351
Juan Gonzalez Pita	370
Juan Manuel Rodriguez Del Rey	2251
Juan Negron Pinero	2261
Juan R. Robles Rivera	2017
Juana Ortiz Diaz	2171
Julio Billoch Pico	2019
Jung, Wolfgang	1099
Junghans, Mathias	912
Jurgen Gustav Bohler	2153
Jurgen Tretter	846
Jurgen Venino	841
Kai Rudiger Schlieper	850
Karl Julian Mussig	857
Kassel, Klaus-Detlef Eberhard	864

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Investor Client Name	Investor Client ID
Katharina Loosli	2222
Katz, Barbara Christine	646
Kelly Enrique Juan	117
Kenngott, Martin Fritz	2134
Kiermasch, Markus	904
Klaus Reinhold Weissenberger	875
Klaus Rudolf Krischok	878
Klein, Ulrich Karl Josef	1067
Knut Schieferdecker	876
Koetz, Axel Gunter Gisbert	643
Kohler, Ursula Elisabeth	2051
Kohmann, Andreas	622
Konrad Kurt Weissbeck	877
Kostlin, Matthias Horst	916
Kostlin, Ramona	975
Krause, Martin	910
Kriege, Hermann	2098
Kriegseis, Markus Harald	899
Larry Brindle	P-6
Laura Marina Croas	1533
Leandro Ezekiel Nobel	397
Lelle-Bergmeister, Ruth Mathilde	2210
Leopoldo Alberto Perez Meltke	217
Leslie Hernandez Quinonez	398
Leuthardt, Thomas Erwin	1044
Linner, Corinna	697
Lionello Robert	1777
Lochner, Berndt Johannes	658
London & Colonial Services Ltd FBO: Alwyn Pritchard	317
London & Colonial Services Ltd FBO: Andrew Laurence Shelton	1466
London & Colonial Services Ltd FBO: Arthur Michael C. Miller	322
London & Colonial Services Ltd FBO: Bethan Evans	1273
London & Colonial Services Ltd FBO: Chandra Sally Dafydd	335
London & Colonial Services Ltd FBO: Christoffel Johannes	1478
London & Colonial Services Ltd FBO: Christopher James Fuery	1912
London & Colonial Services Ltd FBO: Deiniol Ap Dafydd	354
London & Colonial Services Ltd FBO: Ernest James Henry	367
London & Colonial Services Ltd FBO: Everton Anthony Barclay	1948
London & Colonial Services Ltd FBO: Gareth Llewelyn Williams	1765
London & Colonial Services Ltd FBO: John Brinley Jones	1519

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London & Colonial Services Ltd FBO: Kanishka Saman Jaylath	1526
London & Colonial Services Ltd FBO: Leonard Atkins	1900
London & Colonial Services Ltd FBO: Martin Lee	409
London & Colonial Services Ltd FBO: Merfyn Edmund	1160
London & Colonial Services Ltd FBO: Neil Harvey Plaister	421
London & Colonial Services Ltd FBO: Nigel Patrick Greville	424
London & Colonial Services Ltd FBO: Peter James Williams	435
London & Colonial Services Ltd FBO: Susan Audrey Tommins	2071
London & Colonial Services Ltd FBO: Susan Maxwell Tee Williams	1582
London & Colonial Services Ltd FBO: Venessa Taylor	481
Loretta G. Brown	P-37
Lourdes Berrios Ortiz	2226
Luciana Garcia Pena	400
Luis A. Garcia Sanchez	2299
Luis A. Santos Reyes	1537
Luis Antonio Vidal and Beatriz Palmira Figueredo	227
Luis Daniel Carcorze Soto	2316
Luis Enrique Talaveras Martinez	401
Luis Manuel Pacheco Calderon	2270
Lutz, Detlef Holger	700
Lydia A. Correa Gomez	2268
Magin Ramos	402
Maiorana, Salvatore	1015
Mair Eleri Jones	1538
Manfred Arno Willi Mönch	888
Manfred Konig	887
Manuel Cegla Kessler	404
Manuel F. Belaval Trantum	2269
Marc Matthias Wenzel c/o:STS it GmbH	2139
Marc Seeh	892
Marcelo Claudio Arroyo	2294
Marcos J. Arraiza Carban Trustee JX525137U	406
Margaret & Charles Patrick Rice-Oxley	2108
Maria de los Angeles Lopez	257
Maria de los Angeles Sanfeliz Berrios	2318
Maria Florencia Vazquez	259
Maria Georgina Henriquez Lopez	261
Maria I. Rudolphy Romani	264
Maria Melendez Huertas	407
Maria Teresa Ramirez Cobian	2350

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Marie-Luise Eirich	895
Mario E. Solla	272
Marisel Casasnovas	1125
Maritza Sanchez Castro	1152
Markus Oswald Bischofberger	2032
Martha E. Jovel De Munguia	280
Martin Reuter	908
Matthias Herbert Wagner	915
Maurer, Horst	803
Mauricio Solano Londono	2254
Mavis Morgan	1771
Mayra Cristina Gomez Abreu	2247
Mayra Grillasca Reyes	2259
Mayra Milagros Nieves Rodriguez	2331
Meier, Ernst	2026
Mendes, Raul Brignol	1634
Michael Innis Shields	414
Michael King Montgomery	1785
Michael Patrick Stafford	P-32
Michael Ralph Beurich	918
Michel Giovanni Hugo Pasquini	926
Miguel A. Morales Rivera	1547
Miguel A. Tirado Cardona	416
Miguel Flecha de Jesus	2256
Miguel R. Burgado Carattini	2339
Mildred Centeno Santiago	2031
Mirla D. Di Marco and Daniel L. Lopez Di Marco	1894
Mirsonia L. Perez	418
Montpelier Pension Administration Services Trustee FBO: David Malcolm Eddleston	2016
Montpelier Pension Administration Services Trustee Multiple Income Partners Ltd SSAS	1548
MONTPELIER SIPP P T STAPLETON	2011
MPAS SIPP A R FERNES	2012
MPAS SIPP C J HARVEY	1158
MPAS SIPP D N ARCHER	1154
MPAS SIPP H E MANDERS	1508
MPAS SIPP I P BOTTOMLEY	1786
MPAS SIPP J P BRUNTON	1801
MPAS SIPP K R MILES	1864
MPAS SIPP M A GRANT	1816
MPAS SIPP M C HEDLEY	1811

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MPAS SIPP M N CODACK	1543
MPAS SIPP N GOWLER	1996
MPAS SIPP V L MADDEX	1588
Mr. David Campell McLaughlin &	345
Mr. Thorsten Steiner	1054
Muhlbauer, Wolfgang Georg	1098
Muller, Alfons Josef	609
Muller, Uwe Berthold	1075
Myrna I. Bonilla Vazquez	2178
Najib Chabebe Ramirez	419
Nannette S. Berrios Alvarez	2228
Nayda E. Vega Perez	2266
Nemrac Group LLC	2307
Nicolas Gonzalez Velez	422
Noemi Lebron Diaz	2250
Norbert Gebhardt	934
Norbert Schaffler	936
Norberto Jose Fernandez	511
Norberto Juan Arbona Ferrer	2287
Nuck, Rainer	970
OBERE WEIDSTRASSE 16	745
Offergeld, Oliver	938
Olga Rosa Cardinali	2209
Oliver Herbert Stoy	1733
Olympic Agency Inc. FBO Benjamin Kauffmann Retirement Plan 01-07-02	427
Orthmann, Regina	978
Oscar Alfredo Camara y Gabriel Graciosi	428
Osvaldo Agustin Egurza	516
Osvaldo Diaz Morales	2304
Ove Anderson	1764
Overmann, Werner Bernhard	1087
Pablo Alejandro Brula	520
Pablo Golmajer Y Cynthia Neme	524
Partes, Ingrid F.	813
Pascuale Suppa	945
Passeraub, Bruno	2128
Patuca S.L.	2230
Pauli Rose Marie	2084
Pedro Jose Encarnacion Perez	2312
Pedro Lopez Olivo	432

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Peschke, Gunter F.	762
Peter Christian Grosser	952
Peter Rennert	955
Pfammatter, Marlene	2180
Pfammatter, Marlene	2220
Pfannenstiel, Michael Gerhard	922
Philip Paul and Sandra Elizabeth Exley	439
Philippe Allemann	964
Pietsch, Peter Gustav	953
PIT Production In Time	965
PJCH Profit Sharing Retirement Plan	2272
Plan de Pensiones Ministeriales Inc.	2323
Plectron Trust Company Ltd. Trustee of	474
Pogue, Paul	P-45
Pohle, Heiko	1711
Pontyfelin House/James Caldicott	1527
Preu , Nadine & Oliver	1819
Quack, Gunter Philipp	2145
Rafael Abad Barrera	1566
Rafael Angel Pares Cruz	2282
Rafael G. Reyes Velez	445
Rainer Michelsen	968
Ralph Biller	974
Ratcliffe, Judith Mary	1781
Rauber, Walter	2214
Rauber, Walter (Portfolio 2)	2217
Rauch Johann	821
Rauh, Manfred Bernhard Adam	884
Rebecca Bartlett	2107
Reisinger, Jurgen Josef	845
Renate Wunsche	983
Rene' Seifert	986
Reng, Petra Maria	963
Reng, Stefan	1026
Ricardo Bermudez Rodriguez	2265
Ricardo L. Talavera Martinez	447
Ricardo Mejia-Rahal	558
Richard Nieves Rivera	1876
Richard, Hans Thomas	1803
Richter, Michael	923

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Investor Client Name	Investor Client ID
Riedl Franz	743
Ringling North Bell	P-5
Rita Johanna Federhofer	989
Rivera Colon Surgical Services Retirement Plan Tru	2352
Robert Rung	991
Roberto Antonio Sanchez Cordova	2238
Roberto Luis Bengoa Lopez	2263
ROBERTO PEDRO ARTOLA & ESTHER AMELIA MORO	561
Rodel, Richard	988
Rodolfo Felix Vanni	454
Roland Oppitz	995
Rolf Volken	2166
Roppelt, Robert A.	993
Rosa E. Troche de Santiago	2274
Rosangela L. Fernandez Medero Retirement Plan	2305
Rosemary Allende Cubero	2257
Rotert, Bernd	655
Rudiger Breitenstein	1001
Rudolf Heinrich Hunziker	1003
Rudolf K. Schäfer	1004
Rudolf Wendel	1006
Rupert Schafer	1008
Ruprecht, Anke	632
Ruth Doris Cruz Aguilar	2300
Ryan Santos Figueroa	1572
Sabine Gerlach	1011
Sabine Reif-Bankmann	1013
Salome Kasper	2173
Salvador F. Alonso-Pedrosa	573
Samuel Padilla Rosa	2332
Santos Correa Rodriguez	455
Sauer, Christof Rudolf	687
Sauer, Frank	739
Sauter, Helmut	787
Scharpegge, Christian Dieter	677
Scharpegge, Uwe Mathias	1074
Scheidegger, Heidi	2189
Schilter, Emil Bernhard	1780
Schipper Paula	947
Schmidlin, Stephan	2172

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Schmidt, Gerhard	754
Schmuck, Monika	927
Schneider, Reik	980
Schreiber, Uwe Bernd	1073
Schuh, Kerstin Sieglinde	861
Schulz, Dirk O.	705
Schwab, Jonathan & Miriam	2105
Seibold, Gerhard Alfons	746
Seifert, Ingeborg Angelika	809
Seiler Corinne	2207
Sergio E. Rudolphy Romani	581
Seroj Shahbazian	1573
Seyffert, Ulrich Wolfgang	1069
Shirley Ann Caldicott	1575
Sieglinde Annemarie Edith Ebert	1741
Siegmar Doering-Schillgalies	1020
Siekiera, Josef Peter	834
Silvia Ines Del Rosario Colombres	585
Silvia Susana La Torre	460
Simone Mannel	1022
Sinclair, Raymond	976
Smits, Dr. Harald B. Smits & Mrs. Ute Brigitte Smits	772
Sommer, Norbert	933
Sovereign Trust Ltd, as trustee, Atlantica PPP FBO: David John Beynon - 1493	1488
Spielhagen, Hubertus	1714
Stauffer, Fritz Walter	2197
Stellmach, Christina Helga Maria	683
Stephen William Middleton	464
Stich, Andreas & Verena	624
STM Life Assurance: Cell 421432 Ltd	2042
STM Life Assurance: Cell 421506 Ltd	2080
STM Life Assurance: Cell 421617 Ltd	2081
STM Life Assurance:Cell 421469 Ltd	2079
Stocken, Peter	957
Streib, Ralf & Marion Heike	973
Stuhler, Josef Bernhard Rudolf	835
Sturzl, Gerhard	755
Supersaxo, Martin	2130
Sven Neubert	1036
The Hornbuckle Mitchell Group Limited FBO: Billie Wardrop	326

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Investor Client Name	Investor Client ID
The Hornbuckle Mitchell Group Limited FBO: John Search	442
The Hornbuckle Mitchell Group Limited FBO: Stephen I. Eveleigh	444
The Hornbuckle Mitchell Group Ltd. FBO: David Joseph Varley	351
The Hornbuckle Mitchell Group Ltd. FBO: Susan Marie Waterall	472
The Hornbuckle Mitchell Group Ltd. FBO: Wendy Patricia Wardrop	488
The Hornbuckle Mitchell SIPP: Re A J P Hirst	2048
The Lifetime SIPP FBO: Andrew John Housley	1129
The Lifetime SIPP FBO: Anthony Joseph Hassid	2170
The Lifetime SIPP FBO: Christine Cetera Swift	338
The Lifetime SIPP FBO: Darren Howard Suggitt	1793
The Lifetime SIPP FBO: David Heath Frost	346
The Lifetime SIPP FBO: Dennis Frederick Tyler	356
The Lifetime SIPP FBO: Gary Turner	1783
The Lifetime SIPP FBO: Howard Sutton	1784
The Lifetime SIPP FBO: Jeffrey Alan Smith	1775
The Lifetime SIPP FBO: Jonathan James Heath	1796
The Lifetime SIPP FBO: Jonathan Saville Cowderoy	1521
The Lifetime SIPP FBO: Kenneth Victor Nutting	1531
The Lifetime SIPP FBO: Kevin Jones	1823
The Lifetime SIPP FBO: Malcolm Gary Pratt	1539
The Lifetime SIPP FBO: Mark Anthony Frecklington	1837
The Lifetime SIPP FBO: Mark Christopher Iliffe	1542
The Lifetime SIPP FBO: Neil Upton	1156
The Lifetime SIPP FBO: Paul Allstair Treweek	1799
The Lifetime SIPP FBO: Paul Moran	1558
The Lifetime SIPP FBO: Peter John Gee	434
The Lifetime SIPP FBO: Raymond Francis Duffy	1827
The Lifetime SIPP FBO: Steven Julian Cooper	1795
The Organon SIPP FBO Abraham Richman	305
The Organon SIPP FBO Christopher John Mardon	340
The Organon SIPP FBO Damian Edward Leyland	1483
The Organon SIPP FBO Daniel Brian Falls	1484
The Organon SIPP FBO David Graham Thornton	347
The Organon SIPP FBO Paul Benson Berresford	2001
Theler AG Mr. Max Ulrich Theler	2194
Thomas Burke	1043
Thomas Corken	473
Thomas Horn	1047
Thomas Krautgartner	1048
Thorne, Kenneth	P-25

Mosaic Management Group, Inc. et al**Case No. 16-20833-EPK****"Investors" as defined by Article 1 of the Plan**

Investor Client Name	Investor Client ID
TIM Tuttlinger Instrumenten Manufaktur GmbH	1062
UFM Unterstutzungskasse fur den Mittelstand e.V.	1064
Ulises L. Nobo Retirement Plan	2320
Universal Group, Inc. Jorge Padilla	480
Urban, Achim	604
Vanessa E. Colon Almenas	2302
Velez Casanovas Retirement Plan Series 96-119 Enrique Velez Rive	2253
Veronica Meza Venencia	2292
Versorgungswerk Rodertale.V.	1077
Vicari, Frederick Peter Price	134
Victor Antonio Gnocchi Martinez	2278
Victor De La Vega Rivera	482
Victor Manuel Aponte Perez	2328
Victor Manuel Nieves Negron	2330
Virginia Margarita Vazquez Gonzalez	2237
Vivienne Diaz Diaz	483
Vogt, Nicolas Alexander	930
Voirol Beatrix Irene	2097
Volker Hillmaier	795
Wachter, Ivan Christian	680
Walter Biberacher	1081
Walter Ernst Girisch	1085
Walther, Sabine	1014
Wanda L. Fernandez Roman	2347
Warden, Michael L. & Elizabeth E. Crook	413
Wardrop, Billie and Wendy Patricia	325
Waspi-Billeter, Ines Charlotte	808
Wehren Consulting GmbH	1778
Weiler, Thomas	1051
Werner Gunther Pieber Jimenez	600
Werner Isele	1776
Werner, Isabel Sarah	2151
Wetzstein, Andreas Ernst	2103
Wetzstein, Anita Doris Elsa	2195
Widl, Sebastian	1018
Wiederkehr, Johanna	826
Wild, Helmut Rudolf	785
Wilking, Rosemarie	2255
Williams, Aaron John	2078
Willy Roth	1093

Mosaic Management Group, Inc. et al**Case No. 16-20833-EPK****"Investors" as defined by Article 1 of the Plan**

Investor Client Name	Investor Client ID
Witterauf, Manfred	890
Wolf, Hans Georg	2137
Wolfgang Spitzer	2349
Wouterson, Saskia	2037
Wreck Business S.A.	1102
Wutzke, Claudia	693
Yang, Chang-Hsi	336
Yaron Zarfati	1106
Zaida Ortiz Ojeda	2190
Zenen Romero Visarden	1593
Zocher, Jens	819
Zorn, Reinhard Gunter Otto	981
Zurbriggen, Josef	2198
Zurbriggen, Matthias Roland	2179

Exhibit D

List of “Landau Investors”

Mosaic Management Group, Inc. et al**Case No. 16-20833-EPK****"Landau Investors" as defined by Article 1 of the Plan**

Landau Investor Client Name	Landau Investor Client ID
Ada de la Vega Haddock	307
Alan Charles Parry	1123
Aldred Catherine Rose	334
Benjamin Hughes Gwynne &	1272
Berkeley Burke SIPP Administration Limited: Gary Gordon Richards	2009
Carlos A. Ocasio Gracia	2286
Christine Jimenez Davila	2290
Colin George Rees	341
Company: RKB Medizintechnik E.K.	990
Cornelia Luise Kulow	698
Courtiers Pension Nominees Ltd. FBO George Ernest Collins	2273
Dr. Ingo Schrewe	811
Eberle, Klaus-Gunter	865
Elisabeth Roberts	1497
Erben, Andreas	616
Esther Fritz	733
Graciela Bucchioni	2284
Graffe-Helal, Jurgen Peter Josef	842
Heike Buhler	777
Ian Samuel Fergusson	382
Ieuan and Vera Thomas	383
Jaime Rivera Dueno & Carmen L. Rodriguez	386
Javier Denis Quinones	1153
Jose Santiago Santiago	1812
Karl-Heinrich Demmler	856
Kathleen Thorp	393
Klaus Reinhold Weissenberger	875
Krause, Martin	910
London & Colonial Services Ltd FBO: Alexander Charles Richardson	314
London & Colonial Services Ltd FBO: Alwyn Pritchard	317
London & Colonial Services Ltd FBO: Arthur Michael C. Miller	322
London & Colonial Services Ltd FBO: Bethan Evans	1273
London & Colonial Services Ltd FBO: Chandra Sally Dafydd	335
London & Colonial Services Ltd FBO: Christoffel Johannes	1478
London & Colonial Services Ltd FBO: Deiniol Ap Dafydd	354
London & Colonial Services Ltd FBO: Ernest James Henry	367
London & Colonial Services Ltd FBO: John Brinley Jones	1519
London & Colonial Services Ltd FBO: Martin Lee	409
London & Colonial Services Ltd FBO: Neil Harvey Plaister	421
London & Colonial Services Ltd FBO: Nigel Patrick Greville	424

Mosaic Management Group, Inc. et al**Case No. 16-20833-EPK****"Landau Investors" as defined by Article 1 of the Plan**

Landau Investor Client Name	Landau Investor Client ID
London & Colonial Services Ltd FBO: Peter James Williams	435
London & Colonial Services Ltd FBO: Susan Maxwell Tee Williams	1582
London & Colonial Services Ltd FBO: Venessa Taylor	481
Lutz, Detlef Holger	700
Mair Eleri Jones	1538
Maria de los Angeles Lopez	257
Marisel Casasnovas	1125
Montpelier Pension Administration Services Trustee Multiple Income Partners Ltd SSAS	1548
MPAS SIPP H E MANDERS	1508
MPAS SIPP M C HEDLEY	1811
MPAS SIPP V L MADDEX	1588
Najib Chabebe Ramirez	419
Oliver Herbert Stoy	1733
Peter Rennert	955
Phillip Cartwright	437
PIT Production In Time	965
Plectron Trust Company Ltd. Trustee of	474
Pontyfelin House/James Caldicott	1527
Ryan Santos Figueroa	1572
Seroj Shahbazian	1573
Shirley Ann Caldicott	1575
Sovereign Trust Ltd, as trustee, Atlantica PPP FBO: David John Beynon - 1493	1488
Sovereign Trust Ltd, as trustee, Atlantica PPP FBO: Diane Grainger - 1533	441
Stephen William Middleton	464
The Hornbuckle Mitchell Group Limited FBO: Alan Richard Hunter	312
The Hornbuckle Mitchell Group Limited FBO: Alan Wright	313
The Hornbuckle Mitchell Group Limited FBO: Allan Martin Parbery - SIPP	311
The Hornbuckle Mitchell Group Limited FBO: Alpesh Jitendra Bhundia	315
The Hornbuckle Mitchell Group Limited FBO: Barbara Gail Waterson	323
The Hornbuckle Mitchell Group Limited FBO: Beniamino Marro	324
The Hornbuckle Mitchell Group Limited FBO: Billie Wardrop	326
The Hornbuckle Mitchell Group Limited FBO: Christopher Duff	339
The Hornbuckle Mitchell Group Limited FBO: David Leslie Hallam	350
The Hornbuckle Mitchell Group Limited FBO: Eric Wilfred Chorley	366
The Hornbuckle Mitchell Group Limited FBO: Ernest Stephen Spencer	1500
The Hornbuckle Mitchell Group Limited FBO: Ian Richard Armes	381
The Hornbuckle Mitchell Group Limited FBO: Jason Buxton	1516
The Hornbuckle Mitchell Group Limited FBO: John Michael White	389
The Hornbuckle Mitchell Group Limited FBO: Julian Harvey Lieber	392
The Hornbuckle Mitchell Group Limited FBO: Martin West	410

Mosaic Management Group, Inc. et al

Case No. 16-20833-EPK

"Landau Investors" as defined by Article 1 of the Plan

Landau Investor Client Name	Landau Investor Client ID
The Hornbuckle Mitchell Group Limited FBO: Nigel James Parry	425
The Hornbuckle Mitchell Group Limited FBO: Norman Parrott	426
The Hornbuckle Mitchell Group Limited FBO: Pedro Jorge Hillario Lorente	433
The Hornbuckle Mitchell Group Limited FBO: Stephen Swift	463
The Hornbuckle Mitchell Group Limited FBO: Steven Reynolds	465
The Hornbuckle Mitchell Group Limited FBO: Stuart Percy	469
The Hornbuckle Mitchell Group Ltd. FBO: David Joseph Varley	351
The Hornbuckle Mitchell Group Ltd. FBO: Susan Marie Waterall	472
The Hornbuckle Mitchell Group Ltd. FBO: Wendy Patricia Wardrop	488
The IPS Partnership Plc IPS SIPP FBO: Stephen David Harper	462
The Lifetime SIPP FBO: Christine Cetera Swift	338
The Lifetime SIPP FBO: David Heath Frost	346
The Lifetime SIPP FBO: Dennis Frederick Tyler	356
The Lifetime SIPP FBO: Malcolm Gary Pratt	1539
The Lifetime SIPP FBO: Paul Moran	1558
The Lifetime SIPP FBO: Peter John Gee	434
The Organon SIPP FBO Abraham Richman	305
The Organon SIPP FBO Christopher John Mardon	340
The Organon SIPP FBO Daniel Brian Falls	1484
The Organon SIPP FBO David Graham Thornton	347
TIM Tuttlinger Instrumenten Manufaktur GmbH	1062
Universal Group, Inc. Jorge Padilla	480
Volker Hillmaier	795
Wachter, Ivan Christian	680
Wardrop, Billie and Wendy Patricia	325

Exhibit E

List of “Lapolla Investors”

Mosaic Management Group, Inc. et al**Case No. 16-20833-EPK****"Lapolla Investors" as defined by Article 1 of the Plan**

Lapolla Investor Client Name	Lapolla Investor Client ID
A New Vision in Educational Services and Materials	2249
Alexis Garcia Carrucini	2264
Andreas Hettich GmbH & Co. KG	618
Andrew Powell	1889
Astley, Anthony John	638
Berkeley Burke SIPP Administration Limited: Andrew Keith Hitchborn	1893
Berkeley Burke SIPP Administration Limited: Daniel Milne Krywyj	1868
Berkeley Burke SIPP Administration Limited: Robert James Bourne	2068
Berkeley Burke SIPP Administration Limited: Susan Patricia Taylor	2064
Bienvenida Gonzalez Ruiz	2240
Bolivar Burgos Vargas	2258
Camille Carlota Malaret Lopez	2232
Carlos Manuel Malaret Soto	2231
Christian Franz Hermann Pörtl	678
City Pensions Ltd. FBO: Rory Anthony Gear	2034
Comprehensive Ophthalmology Services, LLC	2262
Dashira M. Rosario Mercado	2244
Dommerholt, Jan	388
Dr. Fernando Ortiz Maldonado	2242
Edwin I. Rivera-Malave	2014
Fraser Howard Thomas	1774
Fundacion Promotora de Vivienda	136
Gericke, Heide	775
Guardian SIPP Re: Adrian Warner	2102
Guardian SIPP Re: Bradley Baker	2118
Guardian SIPP Re: Carolyn Adamczyk	2109
Guardian SIPP Re: Esther Lafferty	2125
Guardian SIPP Re: Francisco Nunes	2057
Guardian SIPP Re: Sharon McGifford	2054
Horst Wolfgang Beck	1096
Jaime Alfredo Vazquez Velazquez	2241
Joel Rodriguez-Fernandez	2248
Jorge Ocasio Rivera	2233
Jose M. Alvarado, Jr.	2236
Juan Manuel Rodriguez Del Rey	2251
Juan Negron Pinero	2261
Kerstin Uhl	860
Kostlin, Matthias Horst	916
Leopoldo Alberto Perez Meltke	217
London & Colonial Services Ltd FBO: Andrew Laurence Shelton	1466

Mosaic Management Group, Inc. et al

Case No. 16-20833-EPK

"Lapolla Investors" as defined by Article 1 of the Plan

Lapolla Investor Client Name	Lapolla Investor Client ID
London & Colonial Services Ltd FBO: Arthur Michael C. Miller	322
London & Colonial Services Ltd FBO: Christopher James Fuery	1912
London & Colonial Services Ltd FBO: Everton Anthony Barclay	1948
London & Colonial Services Ltd FBO: Leonard Atkins	1900
London & Colonial Services Ltd FBO: Neil Harvey Plaister	421
London & Colonial Services Ltd FBO: Nigel Patrick Greville	424
London & Colonial Services Ltd FBO: Peter James Williams	435
London & Colonial Services Ltd FBO: Venessa Taylor	481
Loretta G. Brown	P-37
Manuel F. Belaval Tranum	2269
Marisel Casasnovas	1125
Mayra Cristina Gomez Abreu	2247
Miguel Flecha de Jesus	2256
Nannette S. Berrios Alvarez	2228
Noemi Lebron Diaz	2250
Otoniel Vazquez Morales	1899
PJCH Profit Sharing Retirement Plan	2272
Rainer Schanz	971
Ricardo Bermudez Rodriguez	2265
Robert Rung	991
Roberto Antonio Sanchez Cordova	2238
Roberto Luis Bengoa Lopez	2263
Sommer, Norbert	933
Stefano Ducati	588
Stephen William Middleton	464
The Hornbuckle Mitchell Group Limited FBO: Billie Wardrop	326
The Hornbuckle Mitchell Group Ltd. FBO: Wendy Patricia Wardrop	488
Theler AG Mr. Max Ulrich Theler	2194
Thorne, Kenneth	P-25
Tomislav Skunca	1056
Velez Casanovas Retirement Plan Series 96-119 Enrique Velez Rive	2253
Virginia Margarita Vazquez Gonzalez	2237
Wardrop, Billie and Wendy Patricia	325

Exhibit F

List of Each “Policy”

Mosaic Management Group, Inc. et al**Case No. 16-20833-EPK****"Policies" as defined by Article 1 of the Plan**

Policy Code	Death Benefit
AKS 6235 047 0906	\$ 828,460
ALI 0494 043 0906	2,000,000
ASE 7190 041 0906	1,000,000
ASP 6396 048 1006	800,000
AWA 4499 056 0507	2,000,000
CPR 1350/ QEW 1350 046 0606	2,500,000
DAV 7140	3,000,000
EK 5084 028 071 0508	1,000,000
EW 0527	5,000,000
FO 2193 033 066 0208	2,000,000
FO2422204	1,000,000
F-WJ4571	500,000
GR 9014	200,000
HF 9046	2,500,000
HL 6487 001 069 0208	1,000,000
HM 5267 008 061 0907	167,000
HO 7444	200,000
JB 0149	1,500,000
JG0600219	500,000
JH672L018	3,500,000
KE 4991 028 067 0208	500,000
LB 6382 001	1,000,000
LI 6137 130	792,581
LJ 5678	2,000,000
LR3008171	323,334
MC 9525	127,000
MD 4134	250,000
MJ 9964	1,500,000
MS8336262	100,000
MW2159262	500,000
ND4359191	750,000
OH 825L 172	1,000,000
RH 4279	250,000
RI7631025	4,000,000
RL7423259	100,000
RM 7642	1,949,761
SF 6172	110,210
SL6161204	1,000,000
SN176L018	5,000,000

Mosaic Management Group, Inc. et al**Case No. 16-20833-EPK****"Policies" as defined by Article 1 of the Plan**

Policy Code	Death Benefit
SW 4521	500,000
TE 5801 033 062 0907	1,000,000
WMT 8400 058 0607	1,000,000
WR 8858	2,000,000
WTE 6379 055 0207	1,000,000
WWE 8968 040 0906	1,404,334
WY 3742	3,000,000
ZC 5986 028 073 0908	1,000,000
ZLS 1212 054 0207	300,000
Subtotal Active and Lapolla Matured	\$ 63,652,680
LS 4822 067	\$2,000,000
Total:	\$ 65,652,680

EXHIBIT 2

Disclosure Statement Approval and Solicitation Order

EXHIBIT 3

Debtors' Financial Projections

Mosaic Management Group, Inc. et al
Case No. 16-20833-EPK
Financial Projection

Notes	June - Dec 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total	
NUMBER OF POLICIES ASSUMED TO MATURE PER YEAR, PER LE'S	10	7	12	5	3	2	3	1	0	1	1		
BEGINING CASH	1	\$ 2,929,449	\$ 3,737,291	\$ 2,795,074	\$ 1,655,114	\$ 1,185,050	\$ 1,047,920	\$ 781,331	\$ 335,388	\$ 382,637	\$ 87,434	\$ 57,240	\$ 2,929,449
TOTAL DEATH BENEFITS RECEIVED (ACTIVE POLICIES)	2	9,050,305	7,100,000	15,377,000	9,404,334	4,992,581	4,000,000	4,000,000	3,000,000	-	828,460	800,000	58,552,680
PAYMENT OF LOAN ON POLICY FROM DEATH BENEFITS	3	-	-	(300,740)	-	-	-	-	(11,770)	-	-	-	(312,509)
COLLECTION OF PRE PETITION DEFAULT FROM DISTRIBUTIONS	4	-	88,973	88,973	88,973	88,973	-	-	-	-	-	-	355,893
DIP LOAN (REPAYMENT)		(2,249,254)	(3,661,978)	-	-	-	-	-	-	-	-	-	(5,911,231)
EXIT LOAN PROCEEDS		5,000,000	-	-	-	-	-	-	-	-	-	-	5,000,000
EXIT LOAN REPAYMENT		(5,766,989)	-	-	-	-	-	-	-	-	-	-	(5,766,989)
EXIT LOAN ORIGINATION FEE		(25,000)	-	-	-	-	-	-	-	-	-	-	(25,000)
PRE CONFIRMATION PROFESSIONAL FEES	5	(1,978,802)	-	-	-	-	-	-	-	-	-	-	(1,978,802)
OTHER CONFIRMATION PAYMENTS	6	(23,324)	-	-	-	-	-	-	-	-	-	-	(23,324)
CASH AVAILABLE FOR PREMIUMS AND OPERATING EXPENSES		6,936,386	7,264,287	17,960,308	11,148,421	6,266,604	5,047,920	4,781,331	3,323,618	382,637	915,894	857,240	52,820,167
Insurance Premiums	7	2,397,886	3,737,291	2,795,074	1,655,113	1,185,049	1,047,921	781,332	335,388	117,735	70,646	57,240	14,180,675
Operating Expenses	8	48,798	58,618	52,368	52,368	52,368	52,368	52,368	52,368	52,368	52,368	52,368	576,728
Servicing Fee	9	181,006	142,000	307,540	188,087	99,852	80,000	80,000	60,000	-	16,569	16,000	1,171,054
Trustee Fee	10	300,029	213,000	461,310	282,130	149,777	120,000	120,000	90,000	-	24,854	24,000	1,785,100
Trustee Bond	11	18,101	14,200	15,377	18,809	9,985	8,000	8,000	6,000	-	1,657	1,600	101,728
US Trustee Fee	12	15,275	29,900	27,625	25,025	24,375	16,250	14,625	2,600	-	6,825	6,825	196,950
Andrew Murphy Settlement/Success Fee		65,000	-	-	51,260	35,454	27,985	32,600	22,500	-	11,000	11,000	245,799
Professional Fees	13	175,000	270,833	162,500	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,408,333
TOTAL INSURANCE PREMIUMS & OPERATING EXPENSES		3,199,094	4,465,843	3,821,794	2,324,132	1,673,317	1,468,117	1,185,934	690,981	295,203	272,919	269,033	19,666,367
NET CASH AVAILABLE		3,737,291	2,798,444	14,138,514	8,824,290	4,593,288	3,579,803	3,595,397	2,632,637	87,434	642,975	588,207	33,153,800
POTENTIAL DISTRIBUTION TO CREDITORS/ INVESTORS	14	-	3,370	12,483,400	7,639,240	3,545,367	2,798,471	3,260,009	2,250,000	-	585,735	588,207	33,153,800
ENDING CASH	14	\$ 3,737,291	\$ 2,795,074	\$ 1,655,114	\$ 1,185,050	\$ 1,047,920	\$ 781,331	\$ 335,388	\$ 382,637	\$ 87,434	\$ 57,240	\$ -	\$ -
TOTAL CREDITORS/ INVESTORS		52,707,512	52,707,512	52,707,512	52,707,512	52,707,512	52,707,512	52,707,512	52,707,512	52,707,512	52,707,512	52,707,512	
CUMMULATIVE CREDITOR/ INVESTOR RETURN OF INVESTMENT		\$ -	\$ 3,370	\$ 12,486,770	\$ 20,126,009	\$ 23,671,377	\$ 26,469,848	\$ 29,729,857	\$ 31,979,857	\$ 31,979,857	\$ 32,565,592	\$ 33,153,800	
CUMMULATIVE CREDITOR/INVESTOR RETURN %		0.00%	0.01%	23.69%	38.18%	44.91%	50.22%	56.41%	60.67%	60.67%	61.79%	62.90%	

Notes:

(1) Cash balance as of March 15, 2017 adjusted for estimated expenses through May 15, 2017 (Plan Effective Date).

(2) Proceeds from maturities were calculated utilizing the average of the LE's reflected in the Debtors records. For purposes of our analysis, the death benefits in the amount of \$100,000 related to Paladin policy code RL3259 is not included and the premiums related to this policy are not included as an expense. Additionally, the death benefits in the amount of \$3 million related to policy code DAV7140 are not included in this analysis since the average of the LE's for this policy reflect a maturity date of 2033, which is beyond the period covered in this financial projection.

(3) Assumes repayment of loans on policies MJ9964 and WY3742 will be deducted from the maturity proceeds.

(4) For purposes of this financial projection the pre petition default amount related to Cajubi is not included, based upon the proposed settlement with Cajubi. If the pre petition default amount related to Cajubi is collected, it will result in a higher distribution to the creditors. For purposes of this financial projection the pre petition default amounts are assumed to be collected 25% each year over the first four years.

(5) Includes professional fees to be paid at confirmation plus the reserved cash balance related to prior professional fees awarded and not paid, which were reserved by the Debtor.

(6) Other confirmation payments include US Trustee fees outstanding as of the confirmation date in the amount of \$10,725 and priority claims scheduled and filed in the amount of \$12,599.

(7) Projected insurance premiums are based on information from management and may be subject to change.

(8) Operating expenses include E&O insurance and Trust expenses. Trust expenses assumed \$5,000 per month for first six months, \$3,750 per month for second six months and \$2,500 per month thereafter.

(9) Servicing fee is assumed at 2% of maturities

(10) Trustee fee is assumed at 3% of maturities

(11) Trustee bond is based on quote provided by surety company of \$2 per \$1,000 cash balance. For purposes of estimating bond expense we used the total maturity proceeds each year as the cash balance.

(12) Pursuant to the proposed agreement between Andrew Murphy, the Debtors and the Committee's, Andrew Murphy is to receive a payment of \$65,000 (\$45,000 for legal expenses and \$20,000 directly to Andrew Murphy) at confirmation plus 1% of all distributions to creditors/investors over \$15,000,000.

(13) Professional fees assumed \$300,000 for first year, \$250,000 for second year and \$100,000 each year thereafter.

(14) Potential distribution to creditors is based on the available cash after all expenses are paid a reserve of cash (the ending cash balance) equal to the next years premiums.

(15) Pursuant to the Debtors Emergency Motion For Entry of An Order Authorizing Debtors To Obtain Post Petition Financing from RJD Insurance Marketing, LLC ("RJD") (DE 193) that was authorized and Ordered on September 23, 2016 (DE 245), RJD was granted the right to purchase unclaimed interests in the Debtors insurance policies at 50% of the fair market value thereof. The effects of RJD executing this right are not included in our analysis and if RJD decides to execute this right, the total creditor investor amounts will increase.

This analysis represents a calculation of the potential return to creditors/ investors based upon certain assumptions, primarily that the policies will mature upon the average LE's reflected in the Debtors records and the projected premiums as provided by management are accurate. This analysis is not an opinion of potential returns to creditors/ investors by GlassRatner. GlassRatner has no opinion regarding the appropriateness of the LE's or premium projections provided by the Debtor and makes no representations regarding the accuracy of the information upon which this calculation relies. Any user of this analysis should form its own opinion regarding the LE's and projected premiums.

EXHIBIT 4

Liquidation Analysis

Mosaic Management Group, Inc. et al

Case No. 16-20833-EPK

Liquidation Analysis [1]

	Chapter 7 Liquidation Value	Chapter 11 Plan of Liquidation Value	Notes
Assets Available For Distribution As Of May 15, 2017			
Cash	\$ 3,069,702	\$ 2,929,449	[2]
Accounts receivable	1,780,369	355,893	[3]
Life Insurance Policies	18,500,000	58,240,171	[4]
Avoidance actions and other causes of action	TBD	TBD	[5]
Estimated assets available for distribution	23,350,070	61,525,513	
Less: Secured Claims			
ASM DIP/Exit Loan	5,622,859	6,703,220	
Total Secured Claims	5,622,859	6,703,220	
Less: Estimated fees and expenses			
Operating Costs and Professional fees (Conversion or Post-Confirmation)			
Insurance Premium Payments	-	14,180,675	[6]
Trustee fees	723,752	1,785,100	[7]
Andrew Murphy Settlement	-	245,799	[8]
Professional fees	2,000,000	1,408,333	[9]&[10]
Policy Servicing Fee	-	1,171,054	[11]
Liquidating Trust Expenses	-	576,728	[12]
Bond fee	-	101,728	[13]
Total operating costs and professional fees (Conversion or Post-Confirmation)	2,723,752	19,469,417	
Estimated net assets available before Chapter 11 claims	15,003,459	35,352,876	
U.S. Trustee Fees			
Pre-Confirmation	10,725	10,725	[14]
Post-Confirmation	-	196,950	[15]
Total estimated U.S. Trustee Fees	10,725	207,675	
Chapter 11 professional fees and expenses			
Total Chapter 11 fees and expenses	1,978,802	1,978,802	[16]
Estimated net assets available for distribution	\$ 13,013,932	\$ 33,166,398	
Less: Class 1	12,599	12,599	
Estimated net assets available for distribution to Class 3 Creditors	\$ 13,001,332	\$ 33,153,799	
Class 3 Creditors	\$ 80,688,945	\$ 52,707,512	[17]&[18]
Potential Distribution % to General Unsecured Creditors	16.11%	62.90%	

THE NOTES ARE AN INTREGAL PART OF THIS ANALYSIS.

The Management of Mosaic Management Group, Inc., et al. ("Management") from time to time makes written and oral forward-looking statements concerning expectations, beliefs, plans, objectives, future events or performance and underlying assumptions and other statements that are not historical facts. These statements are "forward-looking statements." Generally, the inclusion of the words "believe", "could", "should", "estimate", "expect", "intend", "anticipate", "will", "plan", "target", "forecast", and similar expressions identify statements that constitute "forward-looking" statements." All statements addressing developments that Management expects or anticipates will occur in the future, including statements relating to values, future financial condition, assets, real property and timing of their disposition, as well as statements expressing optimism or pessimism about future results, are forward-looking statements.

The forward-looking statements are based upon then current assumptions regarding future developments and are applicable only as of the dates of such statements. By their nature, all forward-looking statements involve risks and uncertainties. Management assumes no obligation to update or review any forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, whether as a result of new information, future events or otherwise. There can be no assurance that Management has correctly identified and appropriately assessed all factors affecting Worldwide Transportation Services, Inc., et al. and its assets. For these reasons, you are cautioned not to place undue reliance on any forward-looking statements.

Mosaic Management Group, Inc. et al

Case No. 16-20833-EPK

Liquidation Analysis - Notes

- [1] Assumes Effective Date of the Plan of Liquidation on May 15, 2017 (the "Liquidation Date" or "Effective Date", respectively).
- [2] The cash balance as of May 15, 2017 is estimated as follows:
- | | Chapter 7 | Chapter 11 |
|--|---------------------|---------------------|
| Available cash balance as of March 15, 2017: | \$ 4,481,811 | \$ 4,341,559 |
| March 16 - 31 Premiums and Costs | (569,234) | (569,234) |
| April Premiums and Costs | (422,344) | (422,344) |
| May 1 - 15 Premiums and Costs | (416,344) | (416,344) |
| Other Expenses | (4,187) | (4,187) |
| Estimated cash balance as of May 15, 2017 | \$ 3,069,702 | \$ 2,929,449 |
- [3] The Debtor estimates accounts receivable (the "Default Amounts") as of the Effective Date is \$1,440,039.78 assuming the Plan is confirmed. The Debtor estimates it would realize \$355,893.16 when the Default Amounts are deducted from the creditor distributions pursuant to the Plan. It is unlikely that the Debtor will collect the Default Amounts related to the investors that did not file claim in the amount of approximately \$200,000 and the Cajubi settlement resolved a significant portion of the AR. Assuming the case is converted to a Chapter 7, the Debtor estimates that the accounts receivable is \$3,185,381.96, which increased amount is related to the post petition premiums paid by the Debtor and not collected from the investors. It is likely that the Debtor will not collect 100% of the accounts receivable assuming a Chapter 7, however to be conservative for purposes of this liquidation analysis, the Debtor estimated that it would realize 100% of the accounts receivable balance in a Chapter 7 liquidation through distributions, setoffs, lapsing of investor interest and striking of investor claims. Notwithstanding the foregoing, the Debtors reserve all of its rights, remedies, and defenses with respect to collection of their accounts receivable.
- [4] This analysis assumes under a Chapter 7 Liquidation the Debtor would realize \$18.5 million in connection with the sale of the life insurance policies based on the previous attempted sale of the policies and offers received for same. The Debtor has projected maturity proceeds that would be realized during the administration of the Liquidating Trust based on the average of life expectancies from the Debtors records.
- [5] The estimated value of potential avoidance actions under 11 U.S.C. §502, 510, 541, 542-553 and other causes of action will be analyzed Post-Confirmation.
- [6] Insurance premiums are based on estimates provided by the Debtor.
- [7] Chapter 7 Trustee Fees are based on reasonable compensation allowed under 11 U.S.C. §326. Liquidating Trustee Fees are based on 3% of maturity proceeds.
- [8] Pursuant to the proposed agreement between Andrew Murphy, the Debtors and the Committee's, Andrew Murphy is to receive a payment of \$65,000 (\$45,000 for legal expenses and \$20,000 directly to Andrew Murphy) at confirmation plus 1% of all distributions to creditors/investors over \$15,000,000.
- [9] Chapter 7 professional fees represent estimated fees of professionals retained by the Chapter 7 Trustee during the course of the Chapter 7 case.
- [10] Liquidating Trust professional fees represent estimated fees of professionals retained by the Liquidating Trustee during the life of the Liquidating Trust.
- [11] Servicing fee is based on 2% of maturities.
- [12] The Liquidating Trust expenses include, but are not limited to, bank fees, storage fees related to the Debtors records, administrative personnel, postage, filing fees, court reporting fees and other disbursements necessary to the administration of either a Chapter 7 bankruptcy Estate or Plan of Reorganization.
- [13] The Liquidating Trustee bond is based on a quote of \$2 for every \$1,000 of the cash balance.
- [14] With respect to Pre-Confirmation U.S. Trustee fees, the Liquidating Trustee shall pay within ten days after the Effective Date all fees incurred under 28 U.S.C. § 1930(a)(6) ("U.S. Trustee Fees") attributable to the Debtors for the period ending on the Effective Date.
- [15] Post-Confirmation U.S. Trustee Fees are estimated based on quarterly Liquidating Trust disbursements.
- [16] Chapter 11 professional fees are based on estimates provided by the professionals for services rendered in connection with the Chapter 11 case through the contemplated Liquidation Date or Effective Date of the Plan.
- [17] Chapter 7 potential claims were estimated based on the filed claims (less duplicates between entities) plus the net investment amounts related to the investors that did not file claims.
- [18] Investor claims related to the Landau investors and the proceeds from the Landau policy are not included in the Liquidation Analysis assuming the funds received from the maturity proceeds will go out to investors and will be a wash.
- [19] Pursuant to the Debtors Emergency Motion For Entry of An Order Authorizing Debtors To Obtain Post Petition Financing from RJD Insurance Marketing, LLC ("RJD") (DE 193) that was authorized and Ordered on September 23, 2016 (DE 245), RJD was granted the right to purchase unclaimed interests in the Debtors insurance policies at 50% of the fair market value thereof. The effects of RJD executing this right are not included in our analysis and if RJD decides to execute this right, the total creditor investor amounts will increase.

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