
A number of you have written to us about misinformation and “spin” that the Trustee (Thomas Moran) and the Official Committee of Unsecured Creditors have been circulating in emails, at public meetings and in press releases. This is very disappointing because the Trustee is your Trustee, and he is supposed to give you impartial and unbiased information. Unfortunately, in our opinion, Mr. Moran has been paying more attention to his interests as a competitor than to his obligation to you as a fiduciary, which compels me to write this message to you.

The list of misinformation is long, so I can’t address all of it here. However, below are “just the facts” about the latest examples of the Trustee’s spin:

- **Claiming that both Plans have similar types of outside financing.** This is not true. Transparency’s \$75 million financing lasts for the *full duration of the Transparency Plan* (10 to 12 years), and protects LPI against a second bankruptcy. Vida’s financing under the Trustee’s Plan only lasts for three years, and then it is gone. So for the remaining 27 years under the Trustee’s Plan (which lasts up to 30 years), there is no outside financing to protect investors against bankruptcy.
- **Claiming that the Trustee’s Plan is the ONLY one that gives investors a choice.** This is also not true. In fact, it is somewhat amazing that they are saying this, since both Plans offer choices.
- **Claiming that the Trustee’s Plan is the ONLY one that has an oversight Board that includes fellow investors.** This is patently false, since the Advisory Board that will be created under the Transparency Plan includes an investor representative and also includes independent nationally-recognized specialists who know how to supervise the management of a complex company like the one the reorganized LPI will become.
- **Stating that Transparency’s B3 Note is “illegal.”** This, too, is false. Transparency received tax advice before putting this option forward. No court, or the IRS, has said that the proposed B3 Note is not permitted. This option is in the Transparency Plan because a number of investors asked for it, and we listened.
- **Promising that those who join the pool “will get their first distribution in 2017.”** That’s total guesswork based upon the Trustee’s overly optimistic expectations that a lot of maturities will come in during 2017—the same kind of mistake LPI has made all along. The Trustee was already wrong once about this: he predicted \$84 million in maturities for

the December 2015-June 2016 period, but only \$59 million came in. He missed by 42%. Our professional judgment is that he will probably miss again in 2017.

- **Saying that the Transparency Plan will be “delayed.”** There is no “delay” with the Transparency Plan. The Trustee's Plan, though, also depends on approval of the class-action settlement—which hasn't yet been given final approval by either the Bankruptcy Court or the District Court. The Trustee's Plan needs both approvals, and it has neither. And if these approvals are granted, there could be appeals. “Delay” is a bogus issue put forward by the Trustee because he can't show that his Plan is better financially for investors.
- **Claiming that the forced 5% pooling of continuing interest holders (CIHs) is an “investment” in the pool.** The Trustee's Plan forces continuing interest holders to pool 5% of their fraction interests. Apparently, the Trustee and the Committee are calling this an “investment.” It's not—it's a confiscation, plain and simple. The only question is, how much are they taking? According to our calculations, using the Trustee's inflated projections, you will get back approximately 1.56% of the 5% that the Trustee's Plan forces you to pool. And this 1.56% return is projected to come **over 30 years**. So really, the 5% forced pooling is just a confiscation of around 3.46% of your maturity funds. Some “investment.”
- **Claiming that Vida's continuing interest holder servicing fees are lower than Transparency's.** As explained above, by our estimates, the Trustee's Plan will cost continuing interest holders around 3.46% of their policies right off the bat because of the forced pooling. But that is not the only cost. Vida will also take 2.8% of what's left when the policy matures, even if the policy matures right away and they only have to service it for a very short time. This means that the Trustee's Plan will take around **6.12%** of your maturities.

Transparency, on the other hand, will charge 3.1% for your share of the exit financing (in two annual 1.6% payments), and 0.32% per year until your policy matures. It will take over 9 years for Transparency's fee to reach the 6.12% fee that you will *automatically* be charged under the Trustee's Plan. If you think your policy will mature in less than 9 years, then the Transparency Plan's fees are cheaper for you.

We doubt you have heard this basic fact from the Trustee or the Committee, even though they are supposed to be giving you correct information.

- **The Trustee's lawyers have taken a step that could delay the confirmation hearing by as long as a month.** The voting deadline is still 11:59 p.m. Pacific time on August 23, 2016, but maneuvers by the

Trustee's lawyers could delay confirmation of which plan is selected by the court. Are they trying to avoid having the Judge rule against them?

Dennis Roossein, the lawyer for the Official Committee, has accused Transparency of using “shenanigans” to stretch out the hearing. Here is what really happened. The parties agreed to a four-day confirmation hearing, and also agreed that they would each present three to six witnesses. This agreement was announced to the Judge, who approved it.

But then, on Friday, August 12, the Trustee—inconsistent with this agreement—submitted a list of 26 witnesses it wanted to call at the hearing, including former LPI CEO Brian Pardo. There is no way 26 witnesses can be deposed before the hearing date (Monday, August 29) or examined at trial in four days.

Our lawyers immediately notified the Trustee’s lawyers that this proposal was inconsistent with the agreement, but the Trustee wouldn’t budge. He wants to include all 26 witnesses (including Mr. Pardo) on his proposed witness list. So Transparency’s lawyers had no choice but to go to court to ask that the Trustee be required to honor his commitment to only call 3-6 witnesses—and if the Trustee wouldn’t do that, then the hearing would have to be moved so that Transparency would have the chance to examine all 26 witnesses.

Over \$2.3 billion in your policy maturities are at stake. The trial has to be done correctly, and Transparency will continue its efforts on your behalf to make that happen. But unfortunately, once again, the Trustee is spending your money unnecessarily. The questions on everyone’s mind are: Why does the Trustee want to delay the hearing, and is he truly acting in investors’ best interests?

I could go on with this list. However, the main points for investors to keep in mind are the five principles that drive Transparency’s Plan, which delivers what investors need to safely manage their investments for the next 10 years.

Now that you have a choice, be sure to vote for the Transparency Plan and against the Trustee/Vida Plan by no later than 11:59 p.m. Pacific time on August 23, 2016.

If you have voted for BOTH Plans, be sure to mark “Transparency Plan” on your Plan Preference Form, which is also due on 11:59 p.m. Pacific time on August 23, 2016.

For more information you can also call our hotline at (888) 365-3611 anytime M-F 9am-8pm EST.

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