
Why did the Trustee (Tom Moran) choose Vida as the servicer under his Plan? You may be surprised to learn that Vida originally had a separate Plan for LPI. This is because Vida was competing with the Trustee.

Then the Trustee chose Vida to service your investments without holding a “beauty contest” to find the best firm. This isn’t the right way for a “fiduciary” to make the best decision for the investors. By teaming up with Vida, the Trustee eliminated a competitor and limited your choice.

Perhaps this is why Vida supports paying Mr. Moran \$23.5 million for less than 2 years’ work.

Is Vida up to the job? Before the Trustee and Vida cut their mutually self-serving deal to limit your choice, they didn’t have many nice things to say about each other.

Here’s what Vida said in court filings about the Trustee and the Official Creditors Committee before they cut a deal to limit your choice:

“The Trustee and his counsel have been anything but scrupulous, in good faith, or acting with candor. Instead of fiduciaries, the Trustee and his counsel have acted as if they are The King, doing everything they can to maximize their own value while stifling (or attempting to stifle) anyone who does or says anything that remotely conflicts with their own intended course of action and self-interest.”

“Rather than acting as an independent broker tasked with finding a value maximizing solution, the Trustee and his counsel instead act as owners, taking everything as an affront to their own way of thinking.”

“Unfortunately, due to the way the Trustee has conducted his affairs, one way or another investors have to fund this case. The Trustee seeks to solve that problem, and have investors pay a “tax” for settling the Ownership Issue, by compelling Continuing Holders give up 5% of their interests on the Effective Date in exchange for an interest in the Position Holder Trust which may or may not pay some portion of the 5% back over 30 years or more.”

“... the [Official Creditors] Committee ... appears to either be stuck in the middle or have drunk the Trustee’s Kool-Aid, as it is essentially walking lock step with the Trustee down the road of ‘let’s make sure to confirm our own plan.’ Vida is perplexed as to why the Committee would not be doing everything in its power to help find a creative solution that maximizes value for its constituents.”

“Consistent with his behavior to date, however, the Trustee relies on half-truths and outright lies ...”

“Not being content to misrepresent facts and reality, however, the Trustee is also happy to misrepresent the case law ...”

And here’s what the Trustee said in his court filings about Vida before they cut a deal to limit your choice:

“Vida Capital Inc... is an asset manager whose only arguable standing in this case is its ownership of a few (now worthless) shares of LPHI’s common stock.”

“...In February 2016, the Committee and the investors participating in the interview process, with the Trustee’s concurrence, determined that the selection of Vida as the Position Holder Trustee under the Joint Plan was not in the best interest of the Estates or their creditors, including Current Position Holders.”

“Unwilling to abandon its efforts to secure a lucrative role for itself, Vida shifted to an attempt to use litigation tactics and ultimately the Vida Plan to take over ownership and control of Life Partners and its insurance policy portfolio.”

“... the Vida Plan requires Continuing Holders to enter into ‘the New Management and Servicing Contract’ with Vida. In other words, as a condition for an investor to have its ownership interest in Fractional Interests even recognized under the Vida Plan, the investor is forced to enter into a new servicing agreement with Vida. If an investor does not want to enter into a servicing agreement with Vida, then it cannot be a Continuing Holder and it loses Fractional Interest, which is assigned or abandoned to the Policy Trust. The problems associated with tying ownership rights to mandatory servicing with Vida in the absence of a resolution of the Ownership Issue was recognized by this Court at the May 3, 2016 hearing in this case”

“What Vida does not disclose is that, prior to the date of the commencement of these Chapter 11 cases, Vida managed a life settlement policy fund, part of which was sold to Life Partners. The fund ultimately became insolvent and defaulted on its obligations under its secured lending facility. As a result, the fund’s assets were foreclosed on by its third-party lender, resulting in a nearly total loss to all of the fund owners, and a substantial loss to the secured lender.”

“[Regarding] Vida’s prior relationships with Life Partners and [former LPI CEO Brian] Pardo ... Vida previously managed a life settlement trust in which Life Partners had invested, whose assets were foreclosed upon, resulting in a nearly total loss to investors”

“In 2011, Vida reached out to Brian Pardo and Life Partners to propose a solution to the pending class action and investor disputes. ... Vida’s attempt to assist Pardo in his efforts to stay in management, a result that, based on Pardo’s

track record, would have proven massively detrimental to Life Partners investors, is a material fact that needs to be disclosed to parties in interest.

“Vida will provide a standby line of credit that will bear interest payable to Vida at 13% whenever the pool is short of funds. This creates a perverse incentive for Vida, which will control the Policy Fund, to actually cause the Policy Fund to unreasonably incur expenses and waste its funds, including to pay premiums on Policies that have no continuing value, because Vida will make 13% consideration from any and all amounts that it can require the Policy Fund to borrow. Such a dynamic is extremely pernicious for investors, who...appear to have absolutely no power whatsoever to effectively address any unreasonable administration by Vida.”

But now the Trustee is saying Vida is the best servicer to look after your investments. It makes you wonder.

Reject the Trustee/Vida sweetheart deal.

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.

1. More experienced management and better servicing

Experience: The Transparency team has managed life settlements for years without losing a penny for its clients.

Checks and balances: We have hired three experienced and specialized service firms to look after different aspects of your assets, and to minimize the risk of fraud or malfeasance. **Don't put all your eggs in one basket again!**

Competence: Our servicers are leaders in their respective fields.

2. Respecting your Ownership

3. Protection Against a Second Bankruptcy

4. Lower Fees

5. Closure