

Larry N. Scartz
13621 Jefferson Davis Highway
Woodbridge, Virginia 22191

Federico A. Moreno
United States District Judge
Federal Justice Building
99 N.E. 4th, Street
Room 1061
Miami, Florida 33132

RE: MBC Receivership

Dear Judge Moreno:

First, I would like to thank you for your letter to the Viatical Investor dated October 19, 2007. For me, it gave me comfort that oversight was alive and well.

My name is Larry N. Scartz, son of Albert C. & Mayetta Scartz of Fort Lauderdale, Florida. My parents have invested \$498,912 dollars into Viatical Policies before the Receivership took over in May 2004, and an additional \$96,825 in 2007. Last Spring, I wrote several articles about MBC/VSI and placed them on the internet at <http://scartz.blogspot.com/>. Since then I have received hundreds of emails from all over the world that are troubled by the lack of information investors are being provided. I am now in the process of writing a new article and planning to set up a Forum Site on the Web to assist investors in tracking their investments, having discussions, and potentially locating other partners on their policies. I feel that this is almost a necessity as it is certain that this Receivership will continue for many years, and I am just as certain that VSI will not, and in some cases cannot provide this service. My relationship with VSI personnel has always been courteous with quick responses. The information that I receive, however, generally has little value. As I stated earlier, my parents paid an additional \$96,825 in 2007 into the Receivership with no acknowledgement that the money was ever received or correctly applied to the proper accounts. Approximately \$32,000 of the money paid in 2007 went into paying for Option B Shortfalls. Even though the beginning of the process for us was June 2007, we cannot get any information as to whether that money was used, what additional interest in policies it purchased, and if not used why hasn't it being sent back or where it goes. The general reply to this question is that they haven't sent up a means to account for these funds and that we may not receive answers until the next billing cycle. To me, this is completely unreasonable. The time between the billing cycles should be used correct mistakes, errors, omissions and hopefully creating a better process. While it may be hard to find VSI mistakes, I'm sure that it is because they provide so little information. It wasn't until we started to receiving shortfall notices that the investor could verify anything. I did, however, find a good one and will provide you the Policy Number so that you can verify the information. On July 24th, 2007, I received notice that the Viator on Policy 30-000007 had died on July 21st. While it is not my nature to be happy about a notice of death, I was pleased and impressed that I was

notified so quickly. To my complete surprise, I received a shortfall notice on this same policy (Reference No. 7013653) on October 22nd seeking additional premium funds up to February 27th, 2009. Being a careful investor, I checked with the Insurance Company and confirmed that the insured was indeed dead. I then contacted VSI and stated that I would like to pay the entire shortfall and could send certified funds by overnight mail. VSI later contacted me and said that the notice had been sent in error and not to send any money. Do I believe that this was VSI's only mistake, not hardly? In my opinion, not trying to clear up the accounting of investor funds before the next billing cycle, practically guarantees the next cycle will be worse and the complaints of such will mount. Back to my "matured" policy, today is Jan 13, 2008 and we still have not received our interest in the death benefit. I have confirmed that the Insurance Company has paid the claim and I have been told that VSI has the funds. Do you have any explanation as to why this process should take so long? Now I would like to ask two questions that I have been unable to get answered by the Receivership;

1st, what is the Receivership's fiduciary responsibility to the investor to provide a reasonable accounting of funds provided to the Receivership to pay policy premiums? I realize that the Receivership is the "nominal" owner of the policies for the benefit of the investors, but does this ownership allow the Receivership to operate at a different standard than other entities that handle the public's money? Please explain or direct me to an explanation.

2nd. When will any of the funds the Receivership has acquired through lawsuits, fines, settlements, and so forth be distributed to the investors? Also, are all original investors who were on the rolls when the Receivership took over in May 2004, eligible for compensation whether they are still investors or not? Hopefully, a distribution of these funds can be made soon, as no doubt you are very aware that many of the investors like my parents are elderly and could use and certainly deserve the money.

Thank you very much for reading my letter. I do realize that it is the responsibility of the Receivership to administer the investment, and I am assuming that it is the Court's position to act as overseer. I come to you, because I cannot get answers from the Receivership. Over the past several months, I have researched other Receiverships and found that it is not uncommon for the general public not to hold Receiverships in high regard. Too often, it seems that while the purpose of the Receivership is honorable in conception, too many times they become a "cash cow" for the law firms who "milk" the assets of the former company to nothing. Please, don't let this happen to these investors.

Sincerely,

Larry N. Scartz