

----- Original Message -----

From:
Sent: 01/13/2008
To:
Cc:
Subject: Scartz viaticals

Hi VSI-Customer Service,

I have attached a copy of a spreadsheet that shows all my viaticals. I am also attaching a letter that I have prepared to send to Judge Moreno. I just wanted to ask you again if you had information as to the allocation of funds I have sent in this year especially as it pertains to Option B shortfall money. I want to know what funds were used, what is the computed change of interest in policies that used Option B money, and what amount of money was not used and when will it be returned. Also, I have been told that Policy No. 30-000007 had matured in July of last year. I have also been told by the Insurance Company that they have paid the death benefit, and I have told by you that VSI has received the check. When will my parents received those funds? First, I was told the end of last year, then January. It is now January 14th. Do you have up to date information?

Thank you,

Larry Scartz

----- Original Message -----

From: _____
To: larry.scartz@scartz.com
Sent: Wednesday, January 16, 2008 1:55 PM
Subject: RE: Scartz viaticals VSI:01400452

Dear Mr. Scartz,

We do not yet have the information you are requesting in reference to the increased percentage of ownership on the policies. As you have written in your letter to Judge Moreno you have been told that the next time we will advise you of your new increased percentages will be the next invoice on each policy. Until then, the information is not available to me and therefore I am unable to share it with you. Also as you stated in your letter "the time between the billing cycles should be used to correct mistakes, errors, omissions and hopefully creating a better process." That is what we are doing. The shortfall period is the end of our first round of billing on each of the policies. Before we enter the second round of billing we want to make certain that we develop the best system possible to benefit the investors. Unfortunately, this process takes time, but I can assure you that our IT department is working on it consistently. Secondly, we are aiming for February to get the refunds of any overpayments sent back to the investors, January would be optimistic but in reality we are most likely looking at February, which brings me to the payout on the death benefit for 30-000007. That payout should also make its way to you during the month of February. I know you have heard that it would be sooner than but at this time, this is the updated information that I have.

Thank you and again if you have any questions, please feel free to write back.

VSI-Customer Service

----- Original Message -----

From: Larry Scartz
To: _____
Cc: _____
Sent: Wednesday, January 16, 2008 3:27 PM
Subject: Re: Scartz viaticals VSI:01400452

VSI-Customer Service ,

I do appreciate you keeping me informed, and I can accept that the fact that I will not know and don't necessarily need to know the increase of interest in a policy until the next billing cycle, IF the Option B shortfall monies sent in months ago were quickly accounted for to the investor as to what part was used, and the unused portion quickly refunded. If that were done, the investor could easily compute his increased interest in the policy, and have that information to check your figures when the next billing cycle arrives. Also payment of death benefits of matured policies should be considered the highest of priorities, since all investors have to send in additional monies each year to pay your accounting fees and policy premiums (in our case that was over \$96K) , investors need a return when earned to offset these yearly expenses. The policy I refer to has only 5 investors, surely the interest in that policy can be computed quite easily and sent to the investors as soon as the funds have been received. If you need help with that, please send me the information and I will do it for free. It seems that VSI operates without any understanding that MBC investors have been the subject of fraud already and are naturally suspicious of the Receivership when it can't be located except through email or telephone, and when all we can do to protect of investment is to send money on demand under exacting time requirements and not get the same consideration in return. I have spent much of the last six months trying to convince investors that this Receivership is not a scam, but not seeing much in the way of positive information from your side makes this an increasing hard task.

----- Original Message -----

From: _____
To: larry.scartz@scartz.com
Sent: Wednesday, January 23, 2008 12:39 PM
Subject: Letter to the Court VSI:01400468

Dear Mr. Scartz,

I am in receipt of your letter to Judge Moreno and I have been asked to follow up on my response that I e-mailed to you on January 16, 2008. At the end of the letter to the Judge you posed two specific questions that were left unanswered in my original response. Your first question was in regards to the Receiver's fiduciary responsibility to the investor. This information can be located on the Receiver's website at www.mbcreceiver.com in the Court Documents section in the entry dated 05/04/04. In this document it states what role the Receiver plays and what responsibilities he holds. Your second question was in regards to the distribution of funds currently held in the Receiver's Asset Recovery Escrow account. Yes, all investors as determined by the court should be eligible to make a claim against this account in the future. The Receiver is in the preliminary stages of developing his distribution plan and investors will be notified both in writing and by reading the Receiver's updates on the website as to when the actual distribution will take place.

Sincerely,

VSI-Customer Service

----- Original Message -----

From: [Larry Scartz](#)
To: _____
Sent: Wednesday, January 23, 2008 2:09 PM
Subject: [Re: Letter to the Court VSI:01400468](#)

VSI-Customer Service,

Thank you very much for this reply. I will read through the document specified on the receiver's website for question 1. As to question 2, it still isn't clear to me what the term "all investors" means, and has the determination of who fits into this group been made. To me, the term "all investors" should be all of the investors that were involved in MBC when the receivership took over on May 4, 2004. Is this the courts position also, or is this to be determined later? Investors, who have already forfeited their interests in policies are concerned that they may have not only lost their investments and may no longer have rights to restitution (I'm not sure if I'm using the correct legal term). Complete clarification of who "all investors" are, needs to be disclosed. Also, are you saying that investors need to make a formal claim against this account, or does the receivership just design a distribution plan and distribute these funds when completed? I would think that a reasonable distribution of these assets could be made to investors based on the dividing each investors assets held by MBC, to the total amount of assets of MBC at the time the receivership took over and multiply that percentage times the Receiver's Asset Recovery Escrow Fund- minus any expenses. Again thanks for the reply, I will pass this on to other investors I am in touch with.

Larry

----- Original Message -----

From: [Larry Scartz](#)
To: _____
Sent: Wednesday, January 23, 2008 10:52 PM
Subject: [Re: Letter to the Court VSI:01400468](#)

VSI-Customer Service ,

Again thanks for responding to my letter to Judge Moreno. I have copied the 05/04/2004 document from the Court Documents Section on the Receiver's website and have read through it several times. I admit that I'm not a lawyer and perhaps I am not seeing the answer to my question. I will ask my son, who is a lawyer, to read the document to see if he can find it. If you know where the answer is, would you mind pointing out to me. I'm afraid that the actual answer may be, that the court has not required the receiver to be accountable to the investor in any manner. It seems to me in layman's terms that this document describes what the receiver can do, nothing about what the receiver has to do. Thanks again.

Larry Scartz

----- Original Message -----

From: _____
To: larry.scartz@scartz.com
Sent: Thursday, January 24, 2008 8:21 AM
Subject: Asset Recovery Escrow Account VSI:01400469

Dear Mr. Scartz,

The distribution from the Asset Recovery Escrow Account will be determined and approved by the Court. We have no further information on this process including the definition of "all investors". This will be a decision for the Court to make.

Thank you,

VSI-Customer Service

----- Original Message -----

From: [Larry Scartz](#)
To: _____
Sent: Thursday, January 24, 2008 10:47 AM
Subject: Re: Asset Recovery Escrow Account VSI:01400469

VSI-Customer Service ,

Thank you for the clarification. I am satisfied with this answer. "I don't know", was one of my best answers in school. It's simple, direct, and represents full disclosure. I will try to find out what the courts position is in this manner and if I learn anything I will forward the answer to you.

Larry