

ANNUAL TRUST REPORTING

Agreed-Upon Procedures:

The Trustee caused to occur certain agreed-upon procedures performed by a firm of independent certified public accountants. The purpose of the agreed-upon procedures is to ensure that the significant business processes relating to the Servicing of the Trust's insurance policies are functioning and being performed as documented by the Servicer for the period from October 1, 2010 through and including September 30, 2011.

The general scope of the agreed-upon procedures included a random sample of policies selected by the independent certified public accountants with a focus on the following areas: 1) billing and collection of premiums, 2) policy disposition and bidding process, 3) premium payments, and 4) death benefits.

The significant finding by independent certified public accountants was one (1) of the policy dispositions selected for testing had been amended. A reconciliation was not provided to reflect the amendment and there was no evidence that a refund had been issued to the entity who acquired the policy interests. These issues did not have an impact on any policy investors. As a result of these findings, the Servicer prepared the necessary reconciliation and the refund of the overpayment was issued to the entity which had previously purchased the forfeited policy interests.

The results of the agreed-upon procedures report were reviewed by the Trustee and adjustments to procedures employed by the Servicer were implemented as required. In the Trustee's view, the results of the agreed-upon procedures were satisfactory.

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(Continued)

Internal Control Examination:

The Trustee called for an examination of internal control procedures at the Servicer to be performed by a firm of independent certified public accountants. The examination procedures encompassed all significant procedures deemed necessary by the independent certified public accountants in order to address those control processes which in their opinion directly affects their role as the Trust's Servicer.

The results of the comprehensive examination, with the two exceptions noted below, was that the Trust and the Servicer maintained, in all material respects, effective internal control over financial reporting as they relate to the processing and servicing of the insurance policies under the responsibility of the Trust as of September 30, 2011.

Exceptions Noted by the Independent Certified Public Accountants:

- Certain policy holders were billed for a specific charge referred to as "claims from supplemental billing".

Response: The "claims from supplemental billing" related to an inadvertent overpayment of initial claims which occurred during the Receivership prior to the creation of the Trust. The Receiver began collections of the inadvertent claims overpayments from investors. However, at the time the Trust was created, not all investors who had received the inadvertent claims overpayments had repaid their share of the overpayment back to the Receiver. The Trust assumed the receivable and the task of continuing to collect the inadvertent claims overpayments. This collection effort ceased in January 2011 pursuant to Court Order (Case #: 0:04-cv-60573-FAM, Document 2412). The "claims from supplemental billing" charge represents the recovery of the inadvertent death benefit overpayment.

- One (1) of the policy dispositions selected for testing had been amended. A reconciliation was not provided to reflect the amendment and there was no evidence that a refund had been issued to the entity who acquired the policy interests.

Response: The refund to the entity who acquired the policy interests was issued in August 2012. No other Dispositions which occurred during the Internal Control reporting period have since been amended.