

October 17, 2023

*Dear Noteholder and Parties in Interest:*

*In my capacity as Receiver, similar to those while I was Corporate Monitor, I and my Team have been and continue to diligently work on this matter with the goal of fulfilling my duties to the Court and working to maximize potential recovery for all Noteholders and other Parties in Interest. While I was obligated by the Court to issue Quarterly Reports during the time that I was Corporate Monitor, the May 12, 2023 Order Appointing Receiver requires that I do so every six months. I have and continue to be as transparent and informative as possible under the circumstances which is why I am providing you with this Update. As you are aware, we have created the website which contains updates and important information related to the case ([www.nationalseniormonitorship.com](http://www.nationalseniormonitorship.com))(the “Website”). On the Website, we have posted the required Reports, both the Quarterly Reports while Corporate Monitor and the Receiver’s First Report, as well as informal updates such as this communication. We have also attempted to be responsive to the multiple emails and phone calls that we receive on a daily basis from Noteholders and their representatives.*

*I understand and appreciate that this situation remains frustrating for many reasons, including how long the process can take and the ultimate path to recovery for Noteholders. I assure you that much work is being done to move this case along as promptly as possible with the goal of recovering assets, working with others to provide funds for recovery, as well as devising and working through and trying to finalize the Claims Process that was approved by the Court.*

*I plan to prepare and file a proposed initial plan of distribution; however, I cannot today tell you exactly when and/or how much will be available for distribution. The distributable amount will be determined, in large part, by the finality of the claims review/reconciliation process, our efforts to marshal additional dollars which would increase the amount of any distribution, and Court review and approval. The distribution will be impacted by the recoveries that could occur as part of the potential Recovery Claims/lawsuits that are expected to be filed soon and as described further below.*

*My team and I are keenly focused on our investigation, and analysis as to where all of the money that came into the Companies went and attempting to recover as much of those proceeds as possible, whether voluntarily from third parties and/or through litigation after we have performed the necessary due diligence, including financial analysis and applying the applicable law, and the inherent cost-benefit analysis relating to the expense of litigation and the recoverability of claims, if proven.*

*As I wrote in my June 26th Receiver's Report, we are continuing our claims review and reconciliation and are in the process of preparing an initial plan of distribution to propose to the Court for review and consideration. Understanding the amount owed to each Noteholder and others is critical to the process and we work every day to determine that amount and, in some cases, we are awaiting response(s) from Noteholders to question(s) we may have asked when doing our Claims Review and Reconciliation.*

*My team has sent out an initial set of Demand Letters directed to third parties that improperly received funds from the Companies and has demanded the return of amounts that we believe should be returned to the Receivership Estate. Should a recipient ignore the Demand Letter, we will probably commence litigation seeking the recovery of amount(s) we believe should be returned to the Receivership Estate - this process will continue as we investigate all outflows of dollars from the Companies and propriety of these outflows. However, this is also a civil process and one that will not necessarily move quickly. To help expedite the process, we filed a motion to implement certain procedures through the Court regarding the handling of these types of matters on an expedited basis. The Court entered the Order we requested which has been uploaded to the data room.*

*We continue down the path understanding that this is not a straightforward matter and we continue to receive additional records that allow us to update our database of information for Noteholders and amount(s) that they received over time. Additional subpoenas to various financial institutions have also been served.*

*Understanding the exact amount claimed and due to Noteholders and other parties in interest is an important and necessary data point as that amount is one-half of the equation that is part of our computation for any potential future to-be-proposed initial plan of distribution for the Court's for review and consideration. We have been following up with Noteholders from whom we have requested additional information/documentation from to move the process along.*

*The other half of the equation is the amount of funds available when we prepare and submit any proposed initial plan of distribution to the Court for review and consideration. As of today, our current cash position is in excess of \$3,000,000.00 and we are, as detailed above, continuing our efforts to recover additional monies we believe are due to the Receivership Estate - that effort is ongoing with the hope that recoveries will result in additional monies available for distribution to you and your fellow Noteholders and other parties in interest.*

*My team and I filed our Second Interim Fee Applications for the period August 1, 2022 through the end of the Corporate Monitorship Period, May 11, 2023. The Applications were filed this week and will be appearing on the Court's Docket in due course. I am advising you of same in order to be transparent and open about the Applications. As we did with our Initial Fee Applications, my team and I have agreed to 20% reductions in our fees resulting in the following: (i) Corporate Monitor request: \$459,184.88; (ii) DSI request: \$367,920.80 and \$1,037.19 in costs; (iii) Berger Singerman request: \$274,234.80 and \$4,989.98 in costs; and (iv) e-Forensics request: \$17,650.50, \$3,375.00 in forensic-data fees, and \$285.09 in costs.*

*Many have asked about certain individuals and why criminal charges have not been lodged against them. The Order of Appointment of Corporate Monitor and Order Appointing Receiver grant me the authority to "cooperate with regulatory and other government authorities with regard to any inquiry and to provide access and produce records upon request, with or without subpoena." Order dated 09/14/21, ¶13(EE) and Order dated 05/12/23, ¶8(dd). If called upon to do so, I would fully cooperate with any and all law enforcement authorities, whether local, state, and/or federal. Under Florida law, active criminal investigations conducted by state or local law enforcement are confidential until a charge is filed or an investigation is closed. Only the*

*investigating agency has authority to release information about an ongoing investigation. Therefore, I am not at liberty to confirm or deny the existence of any criminal investigation with respect to this matter.*

*I understand and appreciate your frustration but we are working tirelessly to get to a point when we can prepare and file our initial proposed plan of distribution and we hope to be able to do so in the near term.*

*Please review the Website <https://nationalseniormonitorship.com/> – for updates and other information regarding the status of these proceedings. If you have other questions that are not addressed through the information on this website, you may contact our office by sending an email to [monitor@nationalseniormonitorship.com](mailto:monitor@nationalseniormonitorship.com).*

Very truly yours,

*Daniel J. Stermer*

Receiver