

**IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT
IN AND FOR PALM BEACH COUNTY, FLORIDA
CIVIL DIVISION**

STATE OF FLORIDA
OFFICE OF FINANCIAL REGULATION,

Plaintiff,

v.

CASE NO.: 50-2021-CA-008718-XXXX-MB

NATIONAL SENIOR INSURANCE, INC.
D/B/A SEEMAN HOLTZ,
MARSHAL SEEMAN,
CENTURION INSURANCE SERVICES
GROUP, LLC, BRIAN J. SCHWARTZ,
EMERALD ASSETS 2018, LLC,
INTEGRITY ASSETS 2016, LLC,
INTERGRITY ASSETS, LLC,
PARA LONGEVITY 2014-5, LLC,
PARA LONGEVITY 2015-3, LLC,
PARA LONGEVITY 2015-5, LLC,
PARA LONGEVITY 2016-3, LLC,
PARA LONGEVITY 2016-5, LLC,
PARA LONGEVITY 2018-3, LLC,
PARA LONGEVITY 2018-5, LLC,
PARA LONGEVITY 2019-3, LLC,
PARA LONGEVITY 2019-5, LLC,
PARA LONGEVITY 2019-6, LLC,
PARA LONGEVITY VI, LLC,
SH GLOBAL, LLC N/K/A PARA
LONGEVITY V, LLC, ALTRAI GLOBAL,
LLC A/K/A ALTRAI HOLDINGS, LLC,
VALENTINO GLOBAL HOLDINGS, LLC,
AMERITONIAN ENTERPRISES, LLC,
SEEMAN-HOLTZ CONSULTING CORP.,
CENTURION ISG Holdings, LLC,
CENTURION ISG Holdings II, LLC,
CENTURION ISG (Europe) Limited,
CENTURION ISG SERVICES, LLC,
CENTURION ISG FINANCE GROUP, LLC,
CENTURION FUNDING SPV I LLC,
CENTURION FUNDING SPV II LLC,
GRACE HOLDINGS FINANCIAL, LLC,
PRIME SHORT TERM CREDIT INC.,

Defendants.

THE ESTATE OF ERIC CHARLES HOLTZ,
SEEMAN HOLTZ PROPERTY AND CASUALTY, LLC
F/K/A SEEMAN HOLTZ PROPERTY AND CASUALTY,
INC., SHPC HOLDINGS I, LLC,

Relief Defendants.

CORPORATE MONITOR’S FOURTH REPORT

Pursuant to Section XX of the September 14, 2021 [*Agreed Order Granting Plaintiff’s Consent Motion for Appointment of Corporate Monitor and Related Injunctive Relief*](#) (the “Agreed Order”), this Court’s Corporate Monitor, Daniel J. Stermer (the “Corporate Monitor”), hereby provides this fourth report (“Report” and “Fourth Report”) of the actions taken by the Corporate Monitor since the filing of the Corporate Monitor’s Third Report on April 12, 2022, and states:

A. CORPORATE MONITOR’S OVERVIEW/EXECUTIVE SUMMARY

This is not a simple and straightforward matter - rather it is very complex and requires extensive review, investigation, and analysis as there are at least 32 named/Monitorship entities involved, and other individuals and entities that are also being reviewed, investigated, and analyzed. Nothing in this matter follows a straight line nor has it provided a clear pathway for recovery. The Corporate Monitor receives inquires via email and telephone daily. While he is a restructuring professional who deals with financial crises on a daily basis, from listening to the Noteholders he fully understands that for many people, that this is their first experience with a case like this or a matter where there have suffered significant financial loss and that they are frustrated and have many questions. The Corporate Monitor has attempted to and will continue to respond to each and every inquiry personally, even when the inquiries may be angry, frustrated, and sometimes even threatening and offensive. The primary questions asked by Noteholders and

others are: what happened to the money? when will there be a repayment? and why is this taking so long?

Having been the Corporate Monitor in this matter for over 9 months now and a court appointed fiduciary in many many cases through the years, unfortunately the answers to these questions are not always perfect. This complex case requires extensive investigation and hard work to try to maximize the recovery. Those efforts take a significant amount of time professional time and with limited resources can be difficult. As described later in this Report, there are 4 primary areas of potential recovery in this case. As of this Fourth Report, 3 of the 4 have been administered and put in a position to be monetized. Unfortunately, the recovery thus far will not allow for a meaningful recovery or distribution yet and the final process could take months or even years for the potential recovery from litigation claims that are being investigated and could be brought.

The Corporate Monitor truly recognizes the stress and strains that this matter has it put on you, your families, and your fellow Noteholders understanding that this appeared to be a "safe" investment, at least for a period of time, until it no longer performed as promised.

A. Narrative of Events

Since the filing of the Corporate Monitor's Third Report, the Corporate Monitor has continued to perform his duties under the Agreed Order. Specifically, the Corporate Monitor continued his efforts to understand the full extent of the business operations of the entities over which he is the Corporate Monitor, continued to update the informational website, responded to multiple inquiries from Noteholders and creditors, worked closely with the parties in the case, and focused on efforts to attempt to monetize the limited assets that do exist.

This Fourth Report should be read in conjunction with the [*Corporate Monitor's Initial Report*](#) (the "Initial Report") filed on October 14, 2021, the [*Corporate Monitor's Second Report*](#) filed on January 12, 2022, and the [*Corporate Monitor's Third Report*](#) filed on April 12, 2022. The Corporate Monitor and his professionals continue their investigation into all aspects of the Consenting Corporate Defendants, related entities, and individuals so as to better understand their interconnectivity and relationship with an eye towards maximizing recovery for Noteholders and other parties in interest. Not all sections of the Initial Report, Second Report or Third Report are clarified and/or expanded upon in this Fourth Report as some sections will require additional time, research, and investigation and the Corporate Monitor is not prepared (or able, based upon current status or available information), at this time, to address in detail all aspects of the ongoing investigation(s). Such matters will be addressed in future reports to be prepared and filed by the Corporate Monitor.

The Corporate Monitor will file and serve this Fourth Report and all prior reports pursuant to Paragraph 53 of the Agreed Order. In addition to the preparation and filing of his Reports, the Corporate Monitor has updated his website with the Initial Report, Second Report, and Third Report in addition to uploading all filings in this matter under the Court Documents section of his website: <http://nationalseniormonitorship.com/> All of this reporting and updating is being done to comply with the directives of the Court and to be as transparent as possible, under the difficult facts and circumstances of this case.

B. National Senior Insurance, Inc. d/b/a Seeman Holtz ("NSI").

In the Initial Report, the Corporate Monitor provided a detailed explanation of NSI and its pre-Monitorship business and his efforts to develop the prospect of a transparent business model which avoids violation of the Agreed Order's injunction and is otherwise compliant with both Florida law and the regulatory framework governing insurance agencies. As set forth in the Second

Report, the Corporate Monitor had engaged in numerous discussions with counsel from the OFR and consulted an agency representative from the Florida Department of Financial Services, Division of Insurance Agent and Agency Services (“DFS”) as to the “restart” of the NSI business under certain conditions to generate revenue that could be available for distribution over time.

The Corporate Monitor and his professionals interviewed a number of firms in an effort to enter into an agreement so that the insurance product clients, some of whom are Noteholders, would be contacted to review and discuss their insurance product needs. In addition, there are insurance product clients who are not part of the Noteholder issue and have requested assistance with their insurance needs.

As set forth in the Third Report, on January 22, 2022, the Corporate Monitor filed an unopposed motion seeking authorization for to enter into an agreement with Benefit Plans of America, LLC d/b/a Gordon Marketing (“BPA”) for purposes of providing NSI’s insurance products clients with insurance products and related services, pursuant to the terms of a proposal (the “Proposal”) attached to the motion. On January 25, 2022, the Court entered an order granting that motion, thereby authorizing the Corporate Monitor to enter into the Proposal with BPA upon the terms and conditions set forth therein. While the Court approved the business arrangement, it has not yet generated significant revenue, but it does provide for the prospect of an income stream, over time, which may be utilized in the Claims Process and for the payment of ongoing operational expenses.

C. **Settlement with HSCM Bermuda Fund Ltd., a Bermuda corporation, for itself and in its capacities as administrative agent for Hamilton HM 11 Bermuda, HSCM F1 Master Fund, Ltd., a Bermuda corporation, HS Select I, LLC**

On or about August 29, 2016, Hamilton HM 11 Bermuda, HSCM F1 Master Fund Ltd., a Bermuda corporation, and HS Select I, LLC, a Georgia limited liability company (collectively, the

“Lenders”) and Seeman Holtz Property and Casualty, LLC f/k/a Seeman Holtz Property and Casualty, Inc. (“SHPC”) entered into a certain Loan Agreement (as amended and/or restated and in effect from time to time, including by the Third Amended and Restated Loan Agreement, dated October 9, 2019, as subsequently amended by a First Amendment to the Third Amended and Restated Loan Agreement, dated November 21, 2019, the “Loan Agreement”) and various documents and agreements ancillary thereto (together with the Loan Agreement, the “Hudson Loan Documents” or the “Loan Documents”).

Pursuant to the Hudson Loan Documents, on various dates between August 29, 2016, through June 16, 2021, Lenders loaned, and continued to loan thereafter, funds to SHPC in multiple funding tranches for the purpose of financing SHPC’s business activities through a credit facility and provided a working capital loan(s) (collectively the “Hudson Loans”). The Hudson Loans encumbered, *inter alia*, 100% of the equity interest in SHPC and the assets of SHPC (the “Hudson Collateral”). The Hudson Loans and related documents prohibit additional and/or subsequent pledges of the Hudson Collateral after August 29, 2016, to others.¹

On various dates from August 2016 through June 16, 2021, certain Consenting Corporate Defendants advanced money to SHPC and, in other instances, SHPC advanced, and continued to advance, money to certain Consenting Corporate Defendants (the “Consenting Corporate Defendant Due To/Due From”).

Despite having already pledged the Hudson Collateral, on or about October 26, 2018, SHPC Holdings I, LLC purported to execute certain Reimbursement and Limited Liability Company Membership Interests Pledge Agreements in favor of Centurion Insurance Services

¹ The Corporate Monitor understands that SHPC Holdings, LLC held and delivered a pledge of all stock in SHPC Inc. and purportedly delivered same to Centurion Insurance Services Group, LLC pursuant to a document dated January 22, 2017.

Group, LLC, a Consenting Corporate Defendant, to provide security interests in SHPC in return for the Consenting Corporate Defendant Due To/Due From.

On or about June 16, 2021, as a result of a default under the Hudson Loans by SHPC, HSCM Bermuda Fund Ltd., a Bermuda corporation, for itself and in its capacities as administrative agent (“Hudson”) for the Lenders (Hudson and the Lenders, collectively, the “Lender Parties”), held a public auction for the Hudson Collateral (the “Hudson Auction”) in which the Hudson Collateral foreclosed upon and was conveyed, pursuant to a Bill of Sale dated June 16, 2021, to HS Seeholt LLC, a Delaware limited liability company.

The Corporate Monitor and his professionals have diligently analyzed the books and records of the Consenting Corporate Defendants and have participated in extensive discussions, reviews, and analysis of the Consenting Corporate Defendant Due to/Due From² in order to fully understand and quantify the Consenting Corporate Defendant Due To/Due From with SHPC.

In an effort to resolve the issues between the Corporate Monitor, SHPC, and Lender Parties, the Corporate Monitor negotiated a settlement that resolves disputes between the parties only as to the Due To/Due From and entered into a Stipulation for Settlement (the “SHPC Settlement”), which was filed with the Court, together with a motion seeking the approval of same (the “Settlement Motion”), on June 27, 2022.

Pursuant to the SHPC Settlement, if approved, SHPC shall pay the sum of **\$2,250,000.00** to the Corporate Monitor within ten days of approval of the SHPC Settlement and, in exchange for the Initial Settlement Payment, the Corporate Monitor will execute certain lien satisfaction/terminations that have been filed by one or more Consenting Corporate Defendants and the SHPC contains certain releases and exclusions thereto.

² The phrase “Due To/Due From” herein refers to an amount that may be due to one entity from another entity and a “netting” of the various amounts that may be due to one entity which would be due from the other entity.

In addition to the Initial Settlement Payment, within ten (10) calendar days following SHPC’s receipt of net cash from any sale or disposition of SHPC, SHPC’s assets, or a portion thereof,³ including but not limited to the Hudson Collateral, SHPC shall deliver to the Corporate Monitor an additional amount of money according to the below table:⁴

<u>Net cash proceeds received by senior lenders from sale or disposition of SHPC assets</u>	<u>Additional Monies Owed to Corporate Monitor, prorated with 0% owed at beginning of range and 100% owed at top of range.</u>
<u>\$0 – \$135,000,000.00</u>	<u>\$0</u>
<u>\$135,000,001.00 – \$200,572,000.00</u>	<u>\$2,246,959.00</u>
<u>\$200,572,001.00-300,000,000.00</u>	<u>\$10,000,000.00</u>

The Court has not yet set hearing to consider approval of the Settlement Motion and the Corporate Monitor will provide an update as to the SHPC Settlement in his next report. Subject to final approval, the SHPC Settlement will provide meaningful proceeds for utilization in the Claims Process, payment of expenses, and to fund further investigation for potential additional recoveries.^{5/6}

D. The Centurion Life Settlement Portfolio

At the commencement of this case, it appeared that the Centurion Life Settlement Portfolio (the “Portfolio”) might have value and provide for a source of recovery. In the early stage of this

³ The terms of any sale or disposition of SHPC’s assets shall be in the sole discretion of SHPC and/or the Lenders.

⁴ By way of example, should SHPC receive US \$150,000,000.00, the Monitor would receive an additional US \$514,005.75.

⁵ The Corporate Monitor understands that the Plaintiff in the Millstein v. Marshal Seeman et al. federal class action has reached a settlement in principle with SHPC as related to that matter which will need to be documented and approved by the federal court which will result in SHPC paying a certain sum of money to the Millstein purported class which will in turn provide those settlement funds to the Corporate Monitor for distribution as part of any upcoming pro rata distribution that the Corporate Monitor may propose to the Court for consideration.

⁶ As of the date of this report, the Corporate Monitor has been advised that the Office of Financial Regulation and Mr. Brian Schwartz do not oppose the proposed SHPC Stipulation for Settlement.

case, the Corporate Monitor spent several months working with industry experts and professionals to determine if there was truly value in the Portfolio and the best way to seek to maximize the value thereof for the benefit of Noteholders and other creditors of the Monitorship Estate.

The determination of the value and the prospects for recovery were significantly impacted by the cost of maintaining the policies within the Portfolio (i.e., paying the monthly premiums for the 61 policies, hereinafter the “Policies”), the secured debt which encumbered the Portfolio, and third parties who, while junior in priority to the Lender, asserted that they may have an interest in the Portfolio or certain Policies therein. As set forth in prior Reports, the premium payments required to maintain the Policies in the Portfolio were approximately \$880,000 per month for the fourth quarter of 2021 and were projected to average \$940,000 per month for 2022.⁷ During 2020 and 2021, only one policy matured⁸ yielding approximately \$1.2 million in total policy proceeds. In 2022, as of the filing of this report, three insureds have matured that yielded approximately \$2.5 million in total policy proceeds which, in accordance with the Credit Documents, were paid to the Lender and reduce the obligations owing to the Lender with no monies coming into the Monitorship Estate.

Well prior to the Corporate Monitor’s appointment, the Portfolio Borrower (Centurion Funding SPV II, LLC) was in default of its obligations to the Lender (Teleios) and was unable to fund premiums or otherwise meet their obligations to the Lender under the operative credit documents. In an effort to try to preserve the Portfolio, prior Management entered to a series of amendments to the Credit Documents whereby the Lender funded the almost \$1 million in

⁷ The projected premiums could decrease based upon maturities, which would result in less active policies requiring premiums to be paid.

⁸ “Matured” in this context means the person insured by the respective life insurance policy died.

premiums each month and other necessary expenses. The Borrower in each of the seventeen amendments that were entered into pre-monitorship, *inter alia*, provided releases to the Lender .

When the Corporate Monitor was appointed, there was no ability to pay the premiums or amounts due to the Lender and based upon the Credit Documents and previously entered into amendments, the Lender would have immediate rights to foreclose and take possession of the policies. In an effort to maintain the Policies and any value for the Monitorship Estate, the Corporate Monitor negotiated with the Lender and the Lender continued to fund premium payments and expenses while a longer-term solution was sought by the Corporate Monitor and his professionals.

After much analysis and negotiations with the Lender, it was determined that the only way to try to obtain some value (either through a refinance of the Portfolio or the sale of some or all of the Portfolio) from the Portfolio was to allow the “market” to determine if such value existed. Accordingly, on April 6, 2022, the Corporate Monitor filed his Motion for Entry of an Order Approving (I) A Marketing Process to Refinance Existing Secured Debt Obligation or Sell Assets, (II) Bid Procedures, (III) the Retention of Maplelife Analytics, LLC, and (IV) the Agreement with Teleios, Including Authoring Teleios (A) to Commence a Public Foreclosure Process, and (B) to Exercise Certain Remedies (the “Refinance/Sale Motion”).

The Refinance/Sale Motion requested that the Court approve a transparent and public process to attempt to maximize the value of the Portfolio. The proposed process set forth therein (the “Monitor Refi/Sale Process”) sought authorization to either (a) refinance existing secured obligations owing to the Lender or (b) sell some or all of the Portfolio, in each case to maximize value for the benefit of the Corporate Monitorship Estate, including Noteholders and other parties in interest. A refinance was the primary goal of the Corporate Monitor as that would have allowed

the existing Lender to be repaid and replaced by a new Lender, with the prospect of achieving more value from the Portfolio over the long-term horizon.

The Lender required as part of this process a parallel UCC (Uniform Commercial Code) foreclosure process to foreclose on their collateral, as they were permitted to do, if the Refi/Sale Process did not obtain a refinance transaction or enough value from a sale to satisfy the Lender's negotiated and reduced claims (the "NYUCC Sale Process"). In exchange, the Lender agreed to reduce its claims from over \$80 Million due from the Borrower to approximately \$45 Million and agreed to provide \$325,000 to the Corporate Monitor and the Monitorship Estate for the Monitor Refi/Sale Process.

As previously indicated, despite the fact that the Life Settlement Portfolio had a purported net face death benefit of \$250 Million (+/-), the true value was expected to be determined by the Monitor Refi/Sale Process. On April 21, 2022, the Court conducted a hearing to consider the Refinance/Sale Motion and, on April 22, 2022, the Court entered an Order (the "Bid Procedures Order") granting the Refinance/Sale Motion and the relief requested therein.

Pursuant to the Bid Procedures Order, Maplelife Analytics, LLC ("MapleLife") was retained as the exclusive sales and marketing agent to run the process for the refinance or sale of the Portfolio.

Pursuant to the Bid Procedures Order, Qualified Bids (as defined in the Bidding Procedures) were to be delivered to and received by the Corporate Monitor no later than 5:00 p.m. (prevailing Eastern Time) on May 26, 2022 (the "Bid Deadline"). MapleLife undertook an extensive marketing process, contacted 54 buyers, and executed 20 NDAs. 18 interested parties submitted initial bids and 7 of those submitted final bids to MapleLife. None of the bids (either alone or in combination) met the qualifications under the Bid Procedures Order to be deemed

Qualified Bids. Despite the extensive marketing efforts, as of May 26, 2022, no Qualified Bids were received by the Corporate Monitor. After consulting with MapleLife regarding further prospects for refinance or sale, and pursuant to paragraph 48 of the Bid Procedures Order which provided the Corporate Monitor the ability to extend the Bid Deadline for up to 30 days, the Corporate Monitor extended the Bid Deadline (and related deadlines) multiple times, through and including June 27, 2022, in an effort to solicit and obtain one or more Qualified Bids. The Corporate Monitor utilized the complete 30-day extension permitted to exhaust all options and potential deals. During the extended timeframe, the Lender funded the premium payments required to maintain the Policies in the Portfolio and keep them current.

However, after diligent and extensive efforts, no Qualified Bid was received. Pursuant to the Bid Procedures Order, including paragraphs 8, 30 and 39 therein, as a result of no Qualified Bid being received on or prior to the Bid Deadline as extended through June 27, 2022 (as discussed above), Teleios was authorized, without further order of the Court to, among other things, exercise any and all rights and remedies under the Credit Documents, Preferred Unit Document and Securities Agreement and to foreclose on the Collateral pursuant to the NYUCC Sale (defined in the Bid Procedures Order). Teleios, in its sole and absolute discretion, was authorized to exercise its remedies as permitted in the Bid Procedures Order.

Accordingly, pursuant to the Bid Procedures Order, the Monitor Refi/Sale Process concluded, the Monitor Auction was cancelled, and the Refinance/Sale Hearing scheduled for July 28, 2022 will be cancelled. Pursuant to the Bid Procedure Order, based upon the receipt of no Qualified Bids, the Lender conducted the NYUCC Sale Process and foreclosed on the Portfolio, thus leaving no value for the Monitorship Estate, other than the agreed upon carve-out as set forth above.

On June 27, 2022, the Corporate Monitor filed his Notice of No Qualified Bids, Cancellation of Auction and Conclusion of Monitor Refinance/Sale Process advising the Court and parties-in-interest of the fact stated above and that the potential refinance or sale of the Centurion Assets, namely the Portfolio, was concluded.

E. Noticing and Claims Administration Process

Now that the primary assets (excluding potential litigation claims) have been administered as detailed herein above, the Corporate Monitor determined it was appropriate to commence a claims administration process. This does not mean that there will not be further efforts to recover funds. To the contrary, the Corporate Monitor expects that the next phase of this case will be focused on the prospects for recovery against third parties, whether within or outside of the Consenting Corporate Defendants. But assessing claims and beginning the claims administration process is now appropriate.

Accordingly, on June 17, 2022, the Corporate Monitor filed a motion seeking approval of certain proposed noticing and claims administration procedures and the form of the notice to be sent to potential claimants (the “Claim Motion”). Pursuant to the Claim Motion, the Corporate Monitor sought and obtained the approval of (a) a legal notice that will apprise potential claimants of how the claims process was created, who is eligible to submit a claim in order to potentially receive a monetary distribution⁹ from the Corporate Monitorship estate, the process by which eligible claimants can submit a claim, and the process by which the Corporate Monitor will determine which eligible claimants have allowed claims and are thus entitled to receive a *pro rata* distribution, if any, from the Corporate Monitorship estate, (b) a bar date notice that will notify the potential claimants of the deadline to file claims and advise claimants that they will be forever

⁹ To be clear, at this stage there are no funds available for distribution. The Claim Motion seeks to commence the process of reconciling claims, so that if funds become available for distribution, the process is in place.

barred and permanently enjoined from asserting a claim against the Consenting Corporate Defendants should they fail to timely file a proof of claim, (c) a form Proof of Claim that will ask claimants to provide, among other things, (i) the nature of the claim; (ii) a copy of the agreement(s) or other document evidencing or giving rise to the claim; (iii) the amount of the asserted claim against the Consenting Corporate Defendants or Corporate Monitorship estate; and (iv) the amount of any transfer of funds that the claimant or any of its representatives received from any of the Consenting Corporate Defendants, or any of their affiliates, or any persons or entities on behalf of the foregoing, in connection with the asserted claim. Pursuant to the Claim Motion, the Corporate Monitor proposes to set the deadline for **August 31, 2022**, for claimants to return completed Proof of Claim forms to the Corporate Monitor.¹⁰

The Claim Motion acknowledges that while Grace Holdings Financial, LLC (“Grace Holdings”) is a Corporate Defendant named in this matter but not one of the Consenting Corporate Defendants which the Corporate Monitor has been appointed, the Corporate Monitor has been and continues to believe that the noteholders who invested with Grace Holdings (“the Grace Holdings Noteholders”), should be potential creditors of the Corporate Monitorship Estate, subject to further evaluation of these noteholders’ interests through this proposed Claims Process even if Grace Holdings itself ultimately does not become part of the Corporate Monitorship Estate.^{11/12}

¹⁰ The Corporate Monitor was contacted by one of the intervenors regarding the form of the Proof of Claim Form. Efforts have been made to try to resolve any concerns, but as of the date of this Report, a resolution was not yet reached. Efforts will continue and the Proof of Claim Form and related dates may be modified. If that occurs all parties will receive notice of any changes thereto.

¹¹ The Corporate Monitor continues to seek a resolution so that the Grace Holdings becomes part of the Corporate Monitorship Estate. When or if Grace Holdings will become part of the Corporate Monitorship Estate is subject to discussions between the Office of Financial Regulations and Grace Holdings and/or a future order of the Court. The Corporate Monitor cannot unilaterally take control of Grace Holdings and make it a part of the Corporate Monitorship Estate. Either Grace Holdings needs to consent/agree to same or the Court must enter an order determining same. Until either option occurs, the Corporate Monitor does not have authority over Grace Holdings.

¹² Grace Holdings filed a Motion to Dismiss the OFR Complaint and that Motion is set for hearing before the Court on July 12, 2022 at 2:00 p.m.

However, the Corporate Monitor has communicated with Grace Holdings Noteholders directly in response to inquiries from them as certain Grace Holdings notes were purportedly secured by insurance policies owned by one or more of the Consenting Corporate Defendants.

On June 27, 2022,¹³ the Court entered an order granting the Claim Motion in its entirety, including the Grace Noteholders in the claims process, and set **August 31, 2022** as the deadline by which claimants must return completed Proof of Claim forms to the Corporate Monitor. The Corporate Monitor will prepare and send the Claims Package (as defined in the Claim Motion) to all known creditors of the Consenting Corporate Defendants via email and/or first-class U.S. Mail.

F. Discovery

Since the filing of the Third Report, the Corporate Monitor served a subpoena *duces tecum* upon Bank of America, N.A., and served supplemental subpoenas *duces tecum* upon (i) Wells Fargo Bank, N.A., and (ii) First National Bank Coastal Community (“FNBCC”). The Corporate Monitor and his team have reviewed and analyzed the bank statements and documents produced by Bank of America, N.A. and FNBCC. On June 13, 2022, the Corporate Monitor received a response and objection by Wells Fargo Bank, N.A. to the supplemental subpoena served upon it on June 2, 2022 and is in the process of attempting to resolve Wells Fargo Bank, N.A.’s objections. Based upon the present status of the case, the Corporate Monitor anticipates that he will commence extensive discovery prior to the deadline for the next report, including depositions of the significant actors in this case as well as document production and depositions from multiple sources.

¹³ The Court entered an Amended Agreed Order Approving the Noticing and Claims Administration Process and same has been posted on the Corporate Monitor’s website.

G. Summary of Cash Activity

As of June 28, 2022, the Corporate Monitor's book cash balance was \$85,981.43.¹⁴

H. Professional Fees

As set forth in the prior Reports, professional fees and expenses in this case have been extensive. Through this Fourth Report, those fees and expenses continue to accrue. The Corporate Monitor recognizes (and has heard from numerous Noteholders on this issue) that it very difficult to see such large professional fees being incurred while there has been no payment or meaningful recovery to the individuals that have suffered the loss. That is an unfortunate reality in cases like this – the cost to uncover the truth and to seek recovery in a case that had virtually zero funds when the Corporate Monitor was appointed can often times be significant. All fees and expenses have been incurred with the goal of being efficient and seeking to maximize the recovery in this case. What that ultimate recovery for all parties may be, is yet to be determined. The Corporate Monitor and his professionals have not yet been paid any fees and expenses and will file fee applications with this Court prior to any fees and expenses being paid.

I. Monitorship Website/Communications with Noteholders

As set forth in the prior Reports, the Corporate Monitor established a separate website for this matter to inform all parties in interest of the Monitorship's activities: <https://nationalseniormonitorship.com> (the "Website").

The Corporate Monitor will post this Fourth Report on the Website, along with all prior Reports. In addition, the Corporate Monitor will send an email communication to Noteholders

¹⁴ Pre-appointment of the Corporate Monitor, certain of the Consenting Corporate Defendants maintained three (3) bank accounts at US Bank. After his appointment, the Corporate Monitor maintained the existing Accounts at US Bank, then closed two (2) of the Accounts and maintained one (1) account at US Bank. The Corporate Monitor has opened a new bank account at First Horizon Bank and completed his transitioning from US Bank to First Horizon Bank as the account at US Bank was closed on June 23, 2022.

advising of the filing of this Fourth Report and its being posted on the Website and provide a copy of this Report as an attachment to the email to be sent to Noteholders.

The Corporate Monitor continues to upload all filings with the Court to the Website in a dedicated section entitled Court Documents so that Noteholders and all parties in interest have access to same in one centralized location.

The Corporate Monitor will continue to update the Website with court filings, news and updates, reports from the Corporate Monitor, answers to frequently asked questions, important dates and deadlines, and other pertinent information. Additionally, the Corporate Monitor has and will continue to respond promptly to inquiries received from Noteholders and other parties in interest in the Corporate Monitor Inbox seeking answers to questions on various issues/concerns impacting Noteholders and other parties in interest in this matter. Many Noteholders trusted the Consenting Corporate Defendants and Consenting Individual Defendants with substantial sums of their savings, with their retirement plans, and with their and their families' futures. The Corporate Monitor respectfully asks for Noteholders' continued patience and understanding during the Corporate Monitor's investigation of the Consenting Corporate Defendants and the process being attempted to maximize recovery in a very challenging case.

The Corporate Monitor has been and will continue to be conservative in his responses to Noteholders and other parties in interest in this matter as not a simple and straightforward matter. Despite the Claims Process, absent significant recoveries through litigation, the prospects for a meaningful recovery for Noteholders and other creditors at this time does not appear certain.

J. Marshal Seeman/Consenting Corporate Defendants Motion to Dismiss

As set forth in the Third Report, on January 18, 2022, Marshal Seeman and the Consenting Corporate Defendants filed their Motion to Dismiss and Incorporate Memorandum of Law (the "Marshal Seeman Motion to Dismiss"), which sought an order of dismissal of the Complaint.

On May 18, 2022, the Court conducted a 30-minute special set hearing to consider the Marshal Seeman Motion to Dismiss and entered an [Order on Motion to Dismiss](#) on May 18, 2022, which denied the Marshal Seeman Motion to Dismiss in its entirety. Specifically, the Order on Motion to Dismiss (i) denied the request to dismiss the Complaint for failure to comply with Fla. R. Civ. P. 1.110; (ii) denied the request to strike references to “Ponzi-like scheme” in paragraphs 2, 73 and 97 of the Complaint; (iii) denied the request to dismiss Defendants Seeman and Holtz “who acted as members or managers of LLCs” pursuant to Fla. Stat. § 608.4227(1); (iv) denied the request to dismiss the Complaint for failure to comply with Fla. R. Civ. P. 1.130; (v) denied the request to dismiss the Complaint for failure to comply with Fla. R. Civ. P. 1.120; and (vi) denied the request to dismiss Count XVI of the Complaint because “the remedies sought are not among the exclusive remedies provided by the legislature” in Section 517.191, Florida Statutes. Section 517.191(1), Florida Statutes, explicitly provides that “...the office may, in addition to other remedies, bring action in the name and on behalf of the state. . . to enjoin such person or persons from continuing such fraudulent practices...”

Following the denial of the Marshal Seeman Motion to Dismiss, on June 17, 2022, Marshal Seeman and the Consenting Corporate Defendants filed their [Answer, Defenses and Affirmative Defenses and Avoidances of Defendants Marshal Seeman, et al. and Demand for Jury Trial](#).

CORPORATE MONITOR’S CERTIFICATION

I, Daniel J. Stermer, this Court’s Corporate Monitor, hereby certify, under the penalties of perjury, that the forgoing Corporate Monitor’s Fourth Report is true and accurate to the best of my personal knowledge and belief.

/s/ Daniel J. Stermer

Daniel J. Stermer

Dated: July 1, 2022

Respectfully submitted,

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CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that on July 1, 2022, the foregoing was filed using the Florida E-Portal Filing System, which served a copy of the foregoing electronically upon all electronic service parties. I further certify that a true and correct copy of the foregoing was served by electronic transmission upon all parties on the attached Service List.

By: /s/ *Brian G. Rich*
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