

**DAVID M. LEVINE, CONSERVATOR  
for Future First Financial Group, Inc.**

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August 20, 2002

RE: Future First Financial Group  
Now In Conservatorship

Dear Future First Investor:

Please be aware that on August 9, 2002, an Order Appointing Conservator for Future First Financial Group, Inc., of Ponte Vedra, Florida ("Future First"), was entered by the 7<sup>th</sup> Judicial Circuit Court, In and For St. Johns County, Florida, by The Honorable J. Michael Traynor ("Order"). Future First is a former viatical settlement provider whose Florida license was revoked on May 17, 2002. A copy of the Order, including an Order Amending Clerical Error, issued on August 14, 2002, are enclosed.

The Court's Order appointed the undersigned, David M. Levine, as Conservator of Future First, and authorized the Conservator to take immediate possession of all Conservatorship Assets, including the life insurance policies held by or for the benefit of Future First, The Fidelity Trust, and Future First investors ("Future First Policies"). This action was taken in an effort to protect the interests of all Future First investors. A preliminary review of documentation recovered by the Conservator indicates that you may have invested funds with Future First, and may believe that you have a beneficial interest in one or more Future First Policies.

The Order authorizes the Conservator to take custody and control of the Conservatorship Assets, manage all Conservatorship Assets, and take all necessary steps to protect investors' interests. Accordingly, as Conservator, I and my team, which includes professionals with extensive experience in the areas of conservatorship law, forensic accounting, and computer systems analysis, are working to protect your financial interests in the Future First Policies. Foremost among our efforts, we are taking immediate steps to attempt to prevent the lapse of Future First Policies by paying premiums with existing funds and, because these existing funds may be insufficient, by attempting to secure funds to provide for continued premium payments. The options we are pursuing include the possibility of financing premiums through an outside financing firm or firms. Such a firm would be paid from existing Future First funds seized by the Conservator, or would have a lien against the net proceeds of any eventual sale of the Future First Policies approved by the Court. We are also aggressively seeking and attempting to secure other Future First assets, and are attempting to continue collecting proceeds of Future First Policies as they mature.

Many of you have asked whether you should forward premium payments to the Conservator or to the insurance company or companies which issued policies in which you believe you have a beneficial

interest. At this time, and for the reasons expressed below, we can not advise you to send any premium payments to the Conservator or to any insurance companies.

Ultimately, the Conservator will recommend to the Court a plan for the final disposition of all Conservatorship Assets, including the Future First Policies. This recommendation will be made only after we have accounted for all Conservatorship Assets, and completed our ongoing review of Future First records. Through this review we are attempting to confirm whether or not your investment interest is in a specific Policy or Policies, or whether your interest is instead a proportional interest in the proceeds recovered by the Conservator from all valid Future First Policies and other Conservatorship Assets, based on the proportion of your investment to the total funds invested in Future First. Unfortunately, given the poor state of the Future First records obtained by the Conservator, an estimate as to when this determination will be complete is not possible at this time.

We are sending this letter to all known investors. Because of the state of the records we have received, we are currently attempting (i) to verify the identity of all investors and the amounts invested, and (ii) to reconstruct and identify all Future First Policies, and (iii) determine an aging schedule of premium due dates. All of this information was supposed to be provided to the Conservator by Life Settlements, but was not received in a suitable form. To assist in our attempt to verify this information, you will be receiving in the future a detailed claim form which will request that you provide verification of your investment claims.

Please realize that we are still in the preliminary stages of our evaluation, and will be sharing additional information with you as it becomes available. To limit the expense of future mailings, the Conservatorship has established a toll-free Investor Information Line where you can obtain updated information regarding the Conservatorship. The Investor Information Line telephone number is 1-866-852-6746. The Conservatorship is also in the process of establishing a website to provide investors with additional information. When the website is completed, the website address will be available through the Investor Information Line.

Please be assured that we are doing our best to protect your interests and keep you informed of changes as they occur. Thank you for your patience and understanding in this matter. Notwithstanding all of our efforts, based on the current condition of the books and records of Future First/Life Settlements and the amount of currently available funds, there is no guarantee that the Conservator will be successful in preventing the lapse or cancellation of one or more of the Future First Policies.

Finally, please see the enclosed list of questions which many of you have asked (by telephone, correspondence, or e-mail) or may ask during the early stages of this Conservatorship proceeding, and our preliminary responses to those questions.

Sincerely,

David M. Levine, Conservator

cc: Belinda Miller, Esq.  
Michael Bajalia, Esq.  
Ken Levine, Esq.  
Tom Moran, Esq.

bcc: Michael Davidson, Esq.

## FREQUENTLY ASKED QUESTIONS

### ***Why was I asked to pay additional premiums by Life Settlements Service Corp.?***

Many Future First investors received correspondence from Life Settlements Service Corp., a corporation owned by the same individuals as Future First, asking them to provide additional premiums and a separate servicing fee to maintain their Future First investment. As indicated in the letter from Life Settlements Service Corp. these additional funds were requested because Future First no longer had funds sufficient to pay the premiums due on the Future First Policies. This condition is one of the reasons that the Florida Department of Insurance revoked Future First's license to sell viaticals in Florida. The subsequent request for additional premiums and service fees from many Future First investors by Life Settlements Service Corp. prompted the Florida Department of Insurance to request the establishment of the Conservatorship.

### ***What if I never received a request for additional premiums from Life Settlements Service Corp.?***

Approximately one third of Future First investors did not receive a request for additional premium or service fees from Life Settlements Service Corp. However, whether an investor did or did not receive such a request has no bearing on the current status of the investor's investment. All policies in which Future First invested have been placed within the Conservatorship and are being evaluated on a per policy basis to determine the status of each. Given the state of the policy records received by the Conservator, the evaluation may take some time. However, while the evaluation proceeds, the Conservator is making every effort to secure sufficient assets or funding to maintain the policies where possible.

### ***What is the status of my Future First investments?***

The Conservator's first priority is to attempt to prevent the lapse of Future First Policies. Under the terms of the Order, Life Settlements is obligated to provide us with records regarding Policies and their lapse dates. The Conservator is attempting to take steps to ensure compliance by Life Settlements with its obligations under the Order.

### ***If Future First has depleted its premium pool, how will the Conservator maintain the Future First policies?***

The Conservator is currently in the process of evaluating the status of all policies in which Future First investors have an interest. The Conservator is also in the process of examining records of Future First to locate, collect and, where necessary, seize assets that belong to Future First. These assets will be used to the extent possible to pay the premiums due on Future First Policies, thereby preventing the lapse of the policies. While the collection of the Future First assets proceeds, the Conservator is pursuing additional methods of obtaining sufficient funding to maintain the Future First Policies. Among the options being explored is the possibility of financing the premiums through an outside firm or firms, while the collection of Future First assets is accomplished and a decision as to the final disposition of the Future First Policies is being determined. Such a firm would be paid from existing Future First assets seized by the Conservator, or would have a lien on the net proceeds of any eventual sale of the policies. Of course, any such plan will be submitted to the Court for review and approval. At this time, and for the reasons expressed in our letter, we can not advise you to send any premium payments to the Conservator or to any insurance company.

***I need money now. Can you please return my original investment funds?***

Unfortunately, the Conservatorship cannot return your investment funds or any portion thereof at this time. The funds were used to purchase the Future First Policies or have been spent by Future First in some other capacity. The Conservator is aggressively pursuing and attempting to recover all assets which were purchased with Future First funds. Any distribution to investors would have to be approved by the Court in response to a plan submitted to the Court by the Conservator. We can only establish and recommend such a plan once we complete our ongoing review of all records of Future First.

***What will be done with the Future First Policies?***

The Conservatorship is currently exploring options to either maintain the original policies until maturity as originally planned, or to find a buyer or buyers willing to purchase the Future First Policies at a reduced amount. A plan of action will be determined once we complete our ongoing review of all records of Future First. Once we complete that review, the option deemed by the Conservator to provide the greatest return to investors will be presented to the Court for approval and you will be notified.

***Can I sell my investment to an individual that I know is interested?***

The Conservatorship cannot at this time assist current investors in the sale of their investment to new or different investors. Accordingly, the Conservator advises any investor that wants to sell his /her investment to seek legal counsel before doing so, as any resale of investments must be done in compliance with securities laws.

***Many investors have asked us about things Future First and/or Life Settlements did in the past, the legitimacy of their business, etc.***

Please understand that the Conservator was appointed to protect and maintain the Conservatorship Assets from August 9, 2002, into the future. While the Conservator will be investigating the past conduct of Future First and others, and, if appropriate, will be commencing litigation to recover monies for investors, the Conservator was not appointed to follow up on complaints regarding the actions of Future First or Life Settlements. If you have complaints or questions about the manner in which your investment was solicited, maintained, etc., please direct those to your state's insurance department or other appropriate regulatory agency. We sympathize with your concerns, but are not in a position to be of any assistance with regard to those matters.

We will do our best to keep you informed of any changes that affect your investment as they occur or as we learn of them. Please remember that you can call the Investor Information Line at 1-866-852-6746 for updates regarding the Conservatorship.

David M. Levine, as Conservator