

04-60573
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.

CIV-MORENO

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

MAGISTRATE JUDGE
GARBER

MUTUAL BENEFITS CORP.,
JOEL STEINGER a/k/a JOEL STEINER,
LESLIE STEINGER a/k/a LESLIE STEINER,
and PETER LOMBARDI,

Defendants,

FILED by *X* D.C.
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VIATICAL BENEFACTORS, LLC,
VIATICAL SERVICES, INC.,
KENSINGTON MANAGEMENT, INC.,
RAINY CONSULTING CORP.,
TWIN GROVES INVESTMENTS, INC.,
P.J.L. CONSULTING, INC.,
SKS CONSULTING, INC., and
CAMDEN CONSULTING, INC.

Relief Defendants.

**TEMPORARY RESTRAINING ORDER
AND OTHER EMERGENCY RELIEF**

Filed on May 3, 2004
This cause comes before the Court upon motion by the Plaintiff Securities and Exchange Commission ("Commission") for the following orders with respect to Defendants Mutual Benefits Corp. ("MBC"), Joel Steinger a/k/a Joel Steiner ("J. Steinger"), Leslie Steinger a/k/a Leslie Steiner ("L. Steinger") and Peter Lombardi ("Lombardi") (collectively "Defendants"):

- 1) an Order to Show Cause Why a Preliminary Injunction Should Not be Granted;
- 2) a Temporary Restraining Order;

- 3) an Order Freezing Defendants' Assets;
- 4) an Order Requiring Accountings;
- 5) an Order Prohibiting Destruction of Documents; and
- 6) an Order Expediting Discovery;

And upon motion by the Commission for the following orders with respect to Relief Defendants Viatical Benefactors, LLC ("VBLLC"), Viatical Services, Inc. ("VSI"), Kensington Management, Inc. ("Kensington"), Rainy Consulting Corp. ("Rainy"), Twin Groves Investments, Inc. ("Twin Groves"), P.J.L. Consulting, Inc. ("P.J.L."), SKS Consulting, Inc. ("SKS") and Camden Consulting, Inc. ("Camden") (collectively "Relief Defendants"):

- 1) an Order Freezing Relief Defendants' Assets;
- 2) an Order Requiring Accountings;
- 3) an Order Prohibiting Destruction of Documents; and
- 4) an Order Expediting Discovery.

The Court has considered the Commission's Complaint, Memorandum of Law, and the declarations and exhibits filed in support of its motion.

Being fully advised in the premises, the Court finds that the Commission has made a sufficient and proper showing in support of the relief granted herein by presenting a prima facie case of securities laws violations by Defendants and showing a reasonable likelihood that Defendants will harm the investing public by continuing to violate the federal securities laws.

I

SHOW CAUSE HEARING

IT IS HEREBY ORDERED that the Defendants show cause, if any, before the Honorable FEDERICO MORENO of this Court, at 2:00 o'clock P.m., on the 17th day of MAY, 2004, in Courtroom 4 of the United States Courthouse, 99 NE 4th ST. MIAMI Florida, or as soon thereafter as the matter can be heard, why a Preliminary Injunction pursuant to Rule 65 of the Federal Rules of Civil Procedure should not be granted against Defendants, as requested by the Commission.

II.

TEMPORARY RESTRAINING ORDER

IT IS HEREBY FURTHER ORDERED that, pending determination of the Commission's request for a Preliminary Injunction, Defendants MBC, J. Steinger, L. Steinger and Lombardi, their directors, officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them, and each of them, are hereby restrained and enjoined from:

Section 5 of the Securities Act of 1933

A. Directly or indirectly, (a) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell securities in the form of units, common stock, warrants or any other securities (including, but not limited to, the investment contracts, "purchase agreements," "viatical purchase agreements," viatical settlements or life settlements issued by MBC), through the use or medium of any prospectus or otherwise, unless and until a registration statement is in effect with the Commission as to such securities; (b) carrying

securities, in the form of units, common stock, warrants or any other securities (including, but not limited to, the investment contracts, "purchase agreements," "viatical purchase agreements," viatical settlements or life settlements issued by MBC), or causing them to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or for delivery after sale, unless and until a registration statement is in effect with the Commission as to such securities; or (c) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy, through the use or medium of any prospectus or otherwise, any securities, in the form of units, common stock, warrants or any other securities (including, but not limited to, the investment contracts, "purchase agreements," "viatical purchase agreements," viatical settlements or life settlements issued by MBC), unless a registration statement is filed with the Commission as to such securities, or while a registration statement filed with the Commission as to such security is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. 77h, in violation of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c);

Section 17(a)(1) of the Securities Act of 1933

B. Directly or indirectly, by use of any means or instruments of transportation or communication in interstate commerce, or by the use of the mails, in the offer or sale of securities (including, but not limited to, the investment contracts, "purchase agreements," "viatical purchase agreements," viatical settlements or life settlements issued by MBC), knowingly or recklessly employing devices, schemes or artifices to defraud, in violation of Section 17(a) of the Securities Act, 15 U.S.C. 77q(a);

Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5

C. Directly or indirectly, by use of any means or instrumentality of interstate commerce or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any securities (including, but not limited to, the investment contracts, "purchase agreements," "viatical purchase agreements," viatical settlements or life settlements issued by MBC), knowingly or recklessly: (i) employing devices, schemes or artifices to defraud; (ii) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (iii) engaging in acts, practices and courses of business which have operated, are now operating or will operate as a fraud upon the purchasers of such securities in violation of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder; and

Section 17(a)(2) & (3) of the Securities Act of 1933

D. Directly or indirectly, by use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, in the offer or sale of securities (including, but not limited to, the investment contracts, "purchase agreements," "viatical purchase agreements," viatical settlements or life settlements issued by MBC), (i) obtaining money or property by means of untrue statements of material facts or omissions to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; or (ii) engaging in acts, practices and courses of business which have operated and will operate as a fraud or deceit upon purchasers and prospective purchasers of such

securities, in violation of Sections 17(a)(2) & (3) of the Securities Act, 15 U.S.C. §§ 77(q)(a)(2) & (3).

III.

**TEMPORARY RESTRAINING ORDER
AS TO DEFENDANTS J. STEINGER AND L. STEINGER AS CONTROL PERSONS**

IT IS HEREBY FURTHER ORDERED that, pending determination of the Commission's request for a Preliminary Injunction, Defendants J. Steinger and L. Steinger, their directors, officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them, and each of them, are hereby restrained and enjoined from directly or indirectly, controlling any person who violates Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder, unless J. Steinger and L. Steinger act in good faith and do not directly or indirectly induce the act or acts constituting the violation.

IV.

ASSET FREEZE

IT IS HEREBY FURTHER ORDERED that, pending determination of the Commission's request for a Preliminary Injunction, the Defendants MBC, J. Steinger, L. Steinger and Lombardi and Relief Defendants VBLLC, VSI, Kensington, Rainy, Twin Groves, PJJ, SKS and Camden, their directors, officers, agents, servants, employees, attorneys, depositories, banks, and those persons in active concert or participation with any one or more of them, and each of them, who receive notice of this order by personal service, mail, facsimile transmission or otherwise, except any Receiver that may be appointed by this Court, be and hereby are, restrained from, directly or indirectly, transferring, setting off, receiving, changing, selling, pledging, assigning, liquidating or otherwise disposing of, or withdrawing any assets or property owned by, controlled

by, held for the benefit of, or in the possession of MBC, J. Steinger, L. Steinger, Lombardi, VBLLC, VSI, Kensington, Rainy, Twin Groves, PTL, SKS and Camden, including, but not limited to, cash, free credit balances, fully paid for securities, and/or property pledged or hypothecated as collateral for loans, and including, but not limited to, the following presently known bank accounts:

- (a) American Express Tax & Business Services
RBC Centura Banks, Inc. (previously known as Admiralty Bank)
Account Nos. 700101535 and 700134255
- (b) Brinkley McVerney, et al. Escrow Agent
RBC Centura Banks, Inc. (previously known as Admiralty Bank)
Account No. 700132341
- (c) Mutual Benefits Corp.
Bank of America, N.A.
Account Nos. 003449021919, 005487540557, 005487540405, 003449021786
- (d) American Express Tax & Business Services
Bank of America, N.A.
Account Nos. 005487540421, 005487540337
- (e) Bank of America, N.A.
Account No. 91000048168971
- (f) Anthony M. Livoti, Jr. P.A.
CitiBank, F.S.B.
Account Nos. 3290234214, 3290205175, 3290015543
- (g) Citibank-Livoti Premium Escrow Account
CitiBank, F.S.B.
Account No. 3290025232
- (h) Mutual Benefits Corp.
CitiBank, F.S.B.
Account Nos. 3290025643, 3290025672, 3290025203, 3290006280
- (i) CitiBank, F.S.B.
Account Nos. 3490233318, 3490233431
- (j) Anthony Livoti, Jr. P.A.
First Southern Bank

Account No. 4053058106

- (k) Mutual Benefits Corp.
Wachovia Bank (previously known as First Union Bank)
Account Nos. 2090000750944, 2000013991793
- (l) Wachovia Bank (previously known as First Union Bank)
Account Nos. 2000013991803, 13131631199568
- (m) Brinkley Mc Nerney, et al. Escrow Agent
Bank of America, N.A. (previously known as NationsBank, N.A.)
Account Nos. 003871454995, 003871385895
- (n) Brinkley Mc Nerney, et al. Escrow Agent
Northern Trust
Account No. 1410019424
- (o) Brinkley Mc Nerney, et al.
RBC Centura Banks, Inc.
Account No. 7060005702
- (p) American Express Tax & Business Services
RBC Centura Banks, Inc.
Account No. 7060006465
- (q) Anthony M. Livoti, Jr. P.A.
RBC Centura Banks, Inc.
Account Nos. 7060003811, 700101705, 7060003731
- (r) RBC Centura Banks, Inc.
Account Nos. 70670000162, 7067001675, 7067001683
- (s) Southtrust Bank
Account No. 70662817
- (t) Mutual Benefits Corp.
Union Planters Bank, N.A.
Account Nos. 9660361073, 5089003559
- (u) Anthony M. Livoti, Jr. P.A.
Union Planters Bank, N.A.
Account Nos. 9660244352, , 5089003586
- (v) Union Planters Bank, N.A.

Account Nos. 5089003568, M40978, 9660361081, M05447, 5089006841,
5089019597, 9660361289, 5089019427, 9660045775

V.

ACCOUNTINGS

**A. Accountings and Identification of Accounts by
J. Steinger, L. Steinger and Lombardi**

IT IS HEREBY FURTHER ORDERED that within five (5) business days of the issuance of this Order, J. Steinger, L. Steinger and Lombardi shall each:

(a) make a sworn accounting to this Court and the Commission of all funds, whether in the form of compensation, commissions, income (including payments for assets, shares or property of any kind), and other benefits (including the provision of services of a personal or mixed business and personal nature) received by him from MBC, VBLLC, VSI, Kensington, Rainy, Twin Groves, PFL, SKS and Camden;

(b) make a sworn accounting to this Court and the Commission of all assets, funds, or other properties held by him, jointly or individually, or for his direct or indirect beneficial interest, or over which he maintains control, wherever situated, stating the location, value, and disposition of each such asset, fund, and other property; and

(c) provide to the Court and the Commission a sworn identification of all accounts (including, but not limited to, bank accounts, savings accounts, securities accounts and deposits of any kind) in which he (whether solely or jointly), directly or indirectly (including through a corporation, partnership, relative, friend or nominee), either has an interest or over which he has the power or right to exercise control.

B. Accountings by MBC, VBLLC, VSI, Kensington, Rainy, Twin Groves, PJJ, SKS and Camden

IT IS HEREBY FURTHER ORDERED that MBC, VBLLC, VSI, Kensington, Rainy, Twin Groves, PJJ, SKS and Camden shall each make a sworn accounting within five (5) business days of the issuance of this Order to this Court of:

(a) all funds received from any source, including, but not limited to, funds received from sales of the investment contracts, "purchase agreements" or "viatical purchase agreements" issued by MBC;

(b) all compensation, income (including payment for assets, shares or property of any kind), other benefits (including the provision of services of a personal or mixed business and personal nature) that they have paid to J. Steinger, L. Steinger and Lombardi; and

(c) all assets, funds, or other properties held in their names, or for their direct or indirect beneficial interest, or over which they maintain control, wherever situated, stating the location, value, and disposition of each such asset, fund, and other property;

Provided, however, that any entity over which a Receiver has been appointed shall be excused from providing such accountings.

VI

RECORDS PRESERVATION

IT IS HEREBY FURTHER ORDERED that, pending determination of the Commission's request for a Preliminary Injunction, the Defendants and Relief Defendants, their directors, officers, agents, servants, employees, attorneys, depositories, banks, and those persons in active concert or participation with any one or more of them, and each of them, be and they hereby are restrained and enjoined from, directly or indirectly, destroying, mutilating, concealing, altering,

disposing of, or otherwise rendering illegible in any manner, any of the books, records, documents, correspondence, brochures, manuals, papers, ledgers, accounts, statements, obligations, files and other property of or pertaining to the Defendants and Relief Defendants wherever located, until further Order of this Court.

VII.

EXPEDITED DISCOVERY

IT IS HEREBY FURTHER ORDERED that:

(a) Immediately upon entry of this Order, the parties may take depositions upon oral examination of, and obtain the production documents from, parties and non-parties subject to two (2) business days notice. Should any Defendant and Relief Defendant fail to appear for a properly noticed deposition, that party may be prohibited from introducing evidence at the hearing on the Commission's request for a preliminary injunction;

(b) Immediately upon entry of this Order, the parties shall be entitled to serve interrogatories, requests for the production of documents and requests for admissions. The parties shall respond to such discovery requests within five (5) calendar days of service;

(c) All responses to the Commission's discovery requests shall be delivered to Alise M. Johnson at 801 Brickell Avenue, Suite 1800, Miami, Florida 33131 by the most expeditious means available; and

(d) Service of discovery requests shall be sufficient if made upon the parties by facsimile or overnight courier, depositions may be taken by telephone or other remote electronic means.

VIII.

RETENTION OF JURISDICTION

IT IS HEREBY FURTHER ORDERED that this Court shall retain jurisdiction over this matter and the Defendants and Relief Defendants in order to implement and carry out the terms of all Orders and Decrees that may be entered and/or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court, and will order other relief that this Court deems appropriate under the circumstances.

DONE AND ORDERED at 5:00 o'clock, p.m. this 4th day of May, 2004, at Miami, Florida.


UNITED STATES DISTRICT JUDGE

Copies to:

- Teresa J. Verges
- Alise M. Johnson
- Chedly C. Dumornay
- Linda S. Schmidt
- Ryan Dwight O'Quinn

801 Brickell Avenue, Suite 1800
Miami, Florida 33131
Counsel for Securities and Exchange Commission
Phone: (305) 982-6322
Fax: (305) 536-4146

Receiver Roberto Montoya