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RAINES FELDMAN LITTRELL LLP
Hamid R. Rafatjoo, State Bar No. 181564
hrafatjoo@raineslaw.com
Kyra E. Andrassy, State Bar No. 207959
kandrassy@raineslaw.com
1900 Avenue of the Stars, 19th Floor
Los Angeles, CA 90067
Telephone: (310) 440-4100
Facsimile: (310) 691-1367

Counsel for Reliant Life Shares, LLC, Debtor and
Debtor-In-Possession

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
SAN FERNANDO VALLEY DIVISION

In re:

RELIANT LIFE SHARES, LLC, a California
limited liability company,

Debtor and
Debtor-in-Possession.

Case No: 1:24-bk-11695-MB

Chapter 11

**SECOND AMENDED DISCLOSURE
STATEMENT DESCRIBING SECOND
AMENDED CHAPTER 11 PLAN OF
LIQUIDATION**

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1 Reliant Life Shares, LLC, as the debtor and debtor-in-possession in the above-captioned
2 bankruptcy case (the “**Debtor**”), hereby submits this *Second Amended Disclosure Statement*
3 *Describing Second Amended Chapter 11 Plan of Liquidation* (the “**Disclosure Statement**”),
4 pursuant to § 1125 of the Bankruptcy Code, in connection with the solicitation of acceptances of the
5 Debtor’s *Second Amended Chapter 11 Plan of Liquidation* (the “**Plan**”). Capitalized terms used
6 and not defined herein have the meaning ascribed in the attached Table of Definitions.

7 **I. EXECUTIVE SUMMARY**

8 The Plan provides for the winding down of the Debtor, which will place its assets in a
9 Liquidating Trust on the Effective Date with a Liquidating Trustee to be designated prior to Plan
10 confirmation. On the Effective Date, the Life Settlement Policies within the New Trust will be
11 pooled and the sub-trust structure eliminated so that Investors with Active Positions maintain the
12 same amount of death benefits they held under the prior structure, but spread across a pooled
13 portfolio of Life Settlement Policies held by the New Trust.

14 All assets of the Debtor, including Residual Interests and Estate Claims, will vest in the
15 Liquidating Trust on the Effective Date and creditors holding Allowed claims will receive a pro rata
16 beneficial interest in the Liquidating Trust equal to the amount of their Allowed claim. The
17 Liquidating Trustee shall be responsible for the liquidation of the Debtor’s assets and the
18 prosecution of Estate Claims, with the net proceeds from these assets to be used to make
19 Distributions to Holders of Allowed Claims as set forth in the Plan. The Debtor submits that the
20 Plan is in the best interests of all creditors and Investors and is the best option available under the
21 circumstances. The Debtor urges all eligible creditors to vote to ACCEPT the Plan.

22 **A. The Purpose of This Document**

23 This Disclosure Statement summarizes what is in the Plan and provides certain information
24 relating to the Plan and the process the Bankruptcy Court follows in determining whether or not to
25 confirm the Plan. READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO
26 KNOW ABOUT:

27 **(1) WHO CAN VOTE OR OBJECT TO THE PLAN;**

28

- 1 (2) **WHAT THE TREATMENT OF YOUR CLAIM IS (*i.e.*, the projected payment**
- 2 **on your claim if the Plan is confirmed), AND HOW THIS TREATMENT**
- 3 **COMPARES TO THE PROJECTED TREATMENT OF YOUR CLAIM IN**
- 4 **LIQUIDATION UNDER CHAPTER 7 OF THE BANKRUPTCY CODE;**
- 5 (3) **THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING**
- 6 **THE BANKRUPTCY CASE;**
- 7 (4) **THE FACTORS THE BANKRUPTCY COURT WILL CONSIDER IN**
- 8 **DECIDING WHETHER OR NOT TO CONFIRM THE PLAN;**
- 9 (5) **WHAT IS THE EFFECT OF CONFIRMATION; AND**
- 10 (6) **WHETHER THE PLAN IS FEASIBLE.**

11 This Disclosure Statement cannot tell you everything about your rights. You should consider
12 consulting your own lawyer to obtain more specific advice on how the Plan will affect you and what
13 is the best course of action for you.

14 Be sure to read the Plan as well as the Disclosure Statement. If there are any inconsistencies
15 between the Plan and the Disclosure Statement, the provisions of the Plan will govern.

16 The Bankruptcy Code requires a Disclosure Statement to contain “adequate information”
17 concerning the Plan. The Bankruptcy Court has approved this document as an adequate Disclosure
18 Statement, containing enough information to enable parties affected by the Plan to make an informed
19 judgment about the Plan. Any party can now solicit votes for or against the Plan.

20 **B. Deadlines for Voting and Objecting; Plan Confirmation Hearing**

21 THE BANKRUPTCY COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED
22 IN THIS DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE
23 NOT YET BINDING ON ANYONE. HOWEVER, IF THE BANKRUPTCY COURT LATER
24 CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON THE DEBTOR AND ON
25 ALL CREDITORS AND INTEREST HOLDERS IN THIS CASE.

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1 **1. Time and Place of the Confirmation Hearing**

2 The hearing where the Bankruptcy Court will determine whether or not to confirm the Plan
3 will take place on **December 17, 2025, at 10:00 a.m.** (the “**Confirmation Hearing**”), in Courtroom
4 303 at 21041 Burbank Blvd., Woodland Hills, California 91367.

5 **2. Deadline for Voting For or Against the Plan**

6 If you are entitled to vote, it is in your best interest to do so on a timely basis by filling out
7 the enclosed ballot and returning it by mail, overnight mail, or hand delivery to Reliant Life Shares,
8 LLC Ballot Processing, c/o Stretto, 410 Exchange, Suite 100, Irvine, CA 92602. You can also
9 submit your ballot electronically through the E-Balloting Portal at
10 <https://cases.stretto.com/reliantlife> by clicking on “File a Ballot” and following the instructions to
11 submit your electronic ballot. You will need a unique e-ballot password to retrieve and submit your
12 electronic ballot, and that password is located on the Voting Information and Instructions for
13 Completing the Ballot that are enclosed in your plan package if you are eligible to vote.

14 Your ballot must be received by no later than **November 10, 2025, at 5:00 p.m. Pacific**
15 **Standard Time** (the “**Voting Deadline**”) or it will not be counted.

16 **3. Deadline for Objecting to Confirmation of the Plan**

17 Objections to the confirmation of the Plan must be filed with the Bankruptcy Court and
18 served upon counsel for the Debtor, Raines Feldman Littrell LLP, Attn: Kyra E. Andrassy, 4675
19 MacArthur Ct, Suite 1550, Newport Beach, CA 92660 or by email to kandrassy@raineslaw.com.

20 Your objection must be received by the Debtor’s counsel listed above by **November 14,**
21 **2025**, or it will not be considered. The Debtor will file with the Bankruptcy Court and serve the
22 results of the voting by **December 5, 2025**.

23 **4. Contact for More Information Regarding the Plan**

24 Any interested party desiring further information about the Plan should contact counsel for
25 the Debtor, Raines Feldman Littrell LLP, Attn: Hamid Rafatjoo or Kyra E. Andrassy, 4675
26 MacArthur Ct, Suite 1550, Newport Beach, CA 92660 or by email to hrafatjoo@raineslaw.com or
27 kandrassy@raineslaw.com. Information about the case and for town halls where Investors can
28

1 obtain information are available at the website for this case, which is at
2 <https://cases.stretto.com/reliantlife/>.

3 **5. Disclaimers**

4 The financial data relied upon in formulating the Plan is based on the Debtor's books and
5 records, to the extent they could be reconstructed, and which are unaudited. The information
6 contained in this Disclosure Statement is provided by the Debtor. The Bankruptcy Court has not
7 determined whether or not the Plan is confirmable and makes no recommendation as to whether or
8 not you should support the Plan.

9 **THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS
10 INCLUDED HEREIN FOR PURPOSES OF SOLICITING VOTES ON THE PLAN, AS
11 MAY BE AMENDED FROM TIME TO TIME, AND MAY NOT BE RELIED UPON FOR
12 ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO
13 PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS,
OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS
DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF
ACCEPTANCES OF THE PLAN.**

14 **THE STATEMENTS AND INFORMATION HEREIN ARE NOT INTENDED, AND
15 SHALL NOT CONSTITUTE OR BE CONSTRUED, AS AN ADMISSION OF ANY FACT
16 OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE
IN SETTLEMENT NEGOTIATIONS PURSUANT TO RULE 408 OF THE FEDERAL
RULES OF EVIDENCE AND OTHER APPLICABLE EVIDENTIARY RULES.**

17 **THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN
18 AUDITED. IN PREPARING THE PLAN, THE DEBTOR RELIED ON FINANCIAL DATA
19 DERIVED FROM THE BOOKS AND RECORDS AVAILABLE TO IT AT THE TIME OF
20 SUCH PREPARATION, WHICH DERIVE MOSTLY FROM BOOKS AND RECORDS
21 GATHERED BY THE RECEIVER. THE RECEIVER DID NOT HAVE ALL OF THE
22 BOOKS AND RECORDS, INCLUDING ALL BANK STATEMENTS. ALTHOUGH THE
23 DEBTOR HAS USED ITS REASONABLE BUSINESS JUDGMENT TO ENSURE THE
24 ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THE PLAN, AND
25 WHILE THE DEBTOR BELIEVES THAT SUCH FINANCIAL INFORMATION FAIRLY
26 REFLECTS ITS FINANCIAL CONDITION, THE DEBTOR IS UNABLE TO AND DOES
27 NOT WARRANT OR REPRESENT THAT THE FINANCIAL INFORMATION
28 CONTAINED OR REFERENCED HEREIN OR ATTACHED HERETO IS WITHOUT
INACCURACIES. FURTHER, THE INFORMATION CONTAINED HEREIN OR
ATTACHED HERETO IS MADE ONLY AS OF THE DATE OF THIS DISCLOSURE
STATEMENT, UNLESS ANOTHER TIME IS SPECIFIED. THIS DISCLOSURE
STATEMENT IS COMPILED FROM INFORMATION OBTAINED FROM NUMEROUS
SOURCES BELIEVED IN GOOD FAITH TO BE ACCURATE OR THE BEST
AVAILABLE INFORMATION. THERE CAN BE NO ASSURANCES THAT THE
STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THIS
DATE.**

1 **THIS DISCLOSURE STATEMENT CONTAINS CERTAIN STATEMENTS THAT**
2 **MAY BE CONSIDERED “FORWARD-LOOKING STATEMENTS” WITHIN THE**
3 **MEANING OF FEDERAL SECURITIES LAWS. SUCH STATEMENTS CONSIST OF**
4 **ANY STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN**
5 **BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS**
6 **“MAY,” “EXPECT,” “ANTICIPATE,” “ESTIMATE” OR “CONTINUE” OR THE**
7 **NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE**
8 **TERMINOLOGY. THE DEBTOR AND ITS ADVISORS CONSIDER ALL STATEMENTS**
9 **REGARDING ANTICIPATED OR FUTURE MATTERS TO BE FORWARD-LOOKING**
10 **STATEMENTS.**

11 **SUCH STATEMENTS REPRESENT THE DEBTOR’S ESTIMATES AND**
12 **ASSUMPTIONS ONLY AS OF THE DATE SUCH STATEMENTS WERE MADE AND**
13 **INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER**
14 **UNKNOWN FACTORS THAT COULD IMPACT THE PLAN OR CAUSE ACTUAL**
15 **RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED**
16 **HEREIN. SUCH STATEMENTS ARE NOT STATEMENTS OF FACT AND NOR**
17 **GUARANTEES OR ASSURANCES OF FUTURE PERFORMANCE. THERE ARE RISKS,**
18 **UNCERTAINTIES, AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE**
19 **DEBTOR’S ACTUAL CASH FLOWS TO BE DIFFERENT FROM THOSE BEING**
20 **PROJECTED, AND THE DEBTOR AND ITS ADVISORS UNDERTAKE NO**
21 **OBLIGATION TO UPDATE THE PROJECTIONS MADE HEREIN. THE READER IS**
22 **CAUTIONED THAT ALL FORWARD-LOOKING STATEMENTS ARE NECESSARILY**
23 **SPECULATIVE AND THERE ARE CERTAIN RISKS AND UNCERTAINTIES THAT**
24 **COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM**
25 **THOSE REFERRED TO IN SUCH FORWARD-LOOKING STATEMENTS. WITHOUT**
26 **LIMITING THE FOREGOING, THE LIQUIDATION ANALYSIS, PROJECTIONS AND**
27 **OTHER INFORMATION CONTAINED HEREIN AND ATTACHED HERETO ARE**
28 **ESTIMATES ONLY, AND THE VALUE OF THE PROPERTY DISTRIBUTED TO**
HOLDERS OF ALLOWED CLAIMS MAY BE AFFECTED BY MANY FACTORS THAT
CANNOT BE PREDICTED. THEREFORE, ANY ANALYSES, ESTIMATES, OR
RECOVERY PROJECTIONS MAY OR MAY NOT VARY MATERIALLY FROM THE
STATEMENTS HEREIN.

18 **HOLDERS OF CLAIMS AND INTERESTS SHOULD NOT CONSTRUE THE**
19 **CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL,**
20 **BUSINESS, FINANCIAL OR TAX ADVICE. THEREFORE, EACH SUCH HOLDER**
21 **SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX**
22 **ADVISORS AS TO ANY SUCH MATTERS CONCERNING THE DISCLOSURE**
23 **STATEMENT AND PLAN AND THE TRANSACTIONS CONTEMPLATED HEREBY.**

22 **II. BACKGROUND**

23 **A. General Background Regarding the Debtor**

24 On the Petition Date, the Debtor commenced the Case. The Debtor is operating as the
25 debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

26 The Debtor is a limited liability company organized under California law in 2011 to
27 indirectly buy life insurance policies on the secondary market from entities that purchased them
28

1 from the original owners, who could no longer afford to pay the premiums or otherwise did not want
2 to continue to maintain the policy.

3 In 2015, the Debtor formed the Reliant Life Shares Series Statutory Trust (the “**Original**
4 **Trust**”), a statutory trust under the laws of the State of Connecticut, to hold the policies and to
5 facilitate sales of related interests to third party investors. At all times, the Original Trust was
6 governed by a trust agreement made by and between the Debtor and the trustee for the Original
7 Trust, with UMB Bank serving as the initial trustee before being replaced in 2022 by Bank of Utah.

8 The Original Trust contained a series of sub-trusts (each, a “**Series Trust**”), each of which
9 held a single life insurance policy, and investors were advised they could acquire fractional
10 beneficial interests as a beneficiary of any specific Series Trust. The interests acquired by investors
11 were subject to extensive governance and control rights exercisable by the Debtor, or by the trustee
12 as directed by the Debtor, including but not limited to certain rights to amend the trust agreement
13 without the consent of investors and to reallocate assets among the Series Trusts, and to certain
14 obligations to fund costs and premiums. For each policy, the premium and any related costs must
15 be timely paid for the policy to remain in effect.

16 In December 2022, the California Department of Financial Protection and Innovation (the
17 “**DFPI**”), which regulates the offer and sale of securities in California, entered an order finding that
18 the Debtor had made untrue statements of material fact and material omissions to potential investors
19 and ordering the Debtor to cease and desist from offering or selling investments in California by
20 means of any communication that includes an untrue statement of a material fact or that omits to
21 state a material fact that is necessary to make the statements not misleading. The Debtor and the
22 DFPI entered into a settlement agreement in July 2023 agreeing to comply with the DFPI order and
23 to certain remedial and corrective measures to prevent future misrepresentations (the “**DFPI Order**
24 **and Settlement**”).

25 **B. Events Leading to the Filing of the Case**

26 In 2019, a former partial owner of the Debtor and a related entity (together, the “**Cooper**
27 **Parties**”) obtained a judgment (the “**Cooper Judgment**”) in the case of *Reliant Life Shares, LLC v.*
28 *Daniel B. Cooper, et al.*, Los Angeles Superior Court Case No. BC6048558, in the amount of

1 \$15,390,253.22 against the Debtor and certain related parties, including Scott Grady and Sean
2 Michaels, for breach of a separation agreement, breach of the operating agreement, breach of the
3 duty of loyalty, and related causes of action. The Cooper Parties perfected liens securing the Cooper
4 Judgment on the Debtor’s assets by recording abstracts of judgment and a judgment lien against
5 personal property. The Original Trust was not a judgment debtor, and no lien was filed against the
6 Original Trust or its assets. In the Cooper Judgment, the Los Angeles Superior Court found that
7 Scott Grady was the alter ego of the Debtor. It also found that Sean Michaels was an alter ego of
8 the Debtor through and including February 25, 2018.

9 In 2019, the Cooper Parties obtained an order from the Los Angeles Superior Court that
10 required an insurance company to transfer an ownership and beneficial interest totaling \$2.5 million
11 in a policy referred to as the “Friwat Policy” and ordered the Debtor to pay the premiums associated
12 with that interest. It also ordered that the Debtor transfer ownership and beneficial interest in
13 approximately 59 positions with death benefits totaling \$880,225.98 to the Cooper Parties and that
14 the Debtor be obligated to pay the premiums associated with those positions. It is unclear whether
15 or to what extent the Debtor complied with this order prior to the appointment of the receiver, which
16 is discussed below. The Friwat Policy is not one that was in effect as of the Petition Date.

17 In 2023, frustrated with their inability to collect on their judgment, the Cooper Parties sought
18 the appointment of a receiver with limited powers. The Los Angeles Superior Court appointed
19 Christopher Conway of Longevity Asset Advisors, an expert in the field of life settlements, as the
20 receiver over the Debtor (the “**Receiver**”). The Receiver determined that the Debtor had been
21 seriously mismanaged and the state of its business was so poor that it was at risk of losing its entire
22 portfolio. By order entered on August 2, 2023 (the “**Receivership Order**”), the Los Angeles
23 Superior Court expanded the Receiver’s powers and authorized the Receiver to take exclusive
24 jurisdiction, control, and possession of any and all assets and property of or in the possession of the
25 Debtor, to act as the grantor under the Original Trust agreement, and vested the Receiver with
26 exclusive power and authority to administer and manage the assets and affairs of the Debtor.

27 At all relevant times before the Receivership Order, the Debtor was under the control of
28 Scott Grady. Other key Persons involved in the control or management of the Debtor before the

1 Receivership Order include without limitation Sean Michaels, Joel Kleinfeld, Andrew Murphy, and
2 Christopher Stevens. Grady, either individually or through a trust, was the sole member of the
3 Debtor as of the Petition Date.

4 When appointed, the Receiver discovered that the Debtor had no existing bank accounts, no
5 formal business space or equipment, grossly inadequate records, and no plan to address the handling
6 and management of the portfolio of life insurance policies of which fractional interests had been
7 previously sold to Investors. In addition, the Debtor was in an untenable financial position as it
8 lacked any operating income or revenue stream to cover any shortfalls of premiums or required costs
9 necessary to keep the policies in force, and multiple policies were on the verge of lapsing due to
10 non-payment of required amounts. The Receiver determined that the trust/sub-trust structure of the
11 Original Trust could not be maintained, and that the only option for preserving assets and stabilizing
12 the portfolio for the benefit of all creditors and investors was to immediately sell 3 policies to
13 generate operating funds to pay premiums and prevent policies from lapsing. The Receiver also
14 determined that the best long-term strategy was to pool the remaining policies and aggregate the
15 remaining investors in good standing into one newly formed receivership trust structure.

16 In part to address the imminent resignation of the Bank of Utah as the trustee of the Original
17 Trust and in part to facilitate the concept of pooling, pursuant to the Receivership Order and the
18 provisions of the Original Trust agreement authorizing the grantor to effect transfers of insurance
19 policies, allocate assets and liabilities, and to amend the Original Trust agreement without the
20 consent of any investor, the Receiver formed The Reliant Life Shares Receivership Statutory Trust
21 (the “**New Trust**”) with Odyssey Transfer and Trust Company (“**Odyssey**”) as trustee (the “**New**
22 **Trustee**”). All but one of the Life Settlement Policies were transferred from the Original Trust and
23 are presently held by the New Trust. As of the Petition Date, the New Trust held 23 life insurance
24 policies, and the related Series Trusts have between 12 and 347 investor positions, although some
25 positions have been forfeited and others were not sold, while the Symetra Policy continues to be
26 held by the Original Trust as discussed further below.

27 As referenced above, the Receiver determined that pooling of the Life Settlement Policies
28 into one trust, without the sub-trust structure, was necessary to preserve the policies, was equitable

1 to creditors and investors, would reduce risk, increase diversification, reduce costs and facilitate
2 administration of the policies, and was in the best interests of the Debtor and its creditors and
3 investors. This pooling idea was first raised by the Receiver to creditors and investors in November
4 2023, with no objection from the Cooper Parties. The Receiver moved for approval of this pooling
5 concept from the Los Angeles Superior Court in July 2024. However, the Cooper Parties then
6 objected to the proposed pooling, in part based on their belief that the interests of the Cooper Parties
7 came ahead of those of the fractional interest holders, and sought other relief that would have
8 significantly prejudiced the fractional interest holders.

9 During this period, various Investors sued the Debtor and other parties in state and federal
10 courts for a variety of claims, including fraud, breach of fiduciary duty, and elder abuse, and
11 expressed concern to the Receiver that the Cooper Parties' judgment enforcement efforts would
12 eviscerate any potential value of their investments and prospects for recovery.

13 Because of the competing positions and to allow all claims and assets to be dealt with in one
14 forum, the Receiver determined that placing the Debtor into bankruptcy would be in the best
15 interests of all creditors and investors. The Receiver caused the Debtor to retain Nathan Cook of
16 Teneo as an independent manager. The independent manager evaluated the situation, agreed with
17 the assessment that bankruptcy offered the best path forward, and authorized the Debtor to
18 commence the Case.

19 **C. Significant Events During the Bankruptcy Case**

20 **1. Postpetition Actions**

21 Since the filing, the Debtor has continued to operate its assets and manage its affairs as a
22 debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. The Debtor has
23 retained Raines Feldman Littrell LLP, as general bankruptcy counsel, and Force Ten Partners, LLC
24 to provide a chief restructuring officer and restructuring advisory personnel with approval of the
25 Bankruptcy Court [Docket Nos. 99, 100]. The Debtor, through its retained professional advisors,
26 has been analyzing its assets and the life insurance portfolio to determine the best path forward for
27 creditors and Investors.

28 Initially, the Debtor funded its operating costs from cash on hand. In February 2025, the

1 Debtor invoiced the Investors for past due insurance premiums and for premiums due through March
2 31, 2025. In February 2025, the Debtor invoiced Reliant clients a total of \$10,665,070.09 and, as
3 of April 23, 2025, had collected \$3,438,282.90. The second round of postpetition invoicing was
4 done on May 22, 2025. Billing will continue to be done on a quarterly basis, with the next invoicing
5 occurring on September 30, 2025.

6 As part of the pooling concept, the Debtor intends to shed policies, by either selling,
7 surrendering, or allowing such policies to lapse, that are not needed to maintain the death benefits
8 for those Reliant clients who want to continue to preserve their death benefits. The Debtor has used
9 the invoicing process to identify which clients want to preserve their death benefits and as of
10 September 29, 2025, approximately 442 clients have elected to maintain their death benefits, which
11 total approximately \$53.8 million.

12 To identify policies that can be sold or that should be permitted to lapse, the Debtor had to
13 update the medical histories of the insureds. With no employees, the Debtor searched for vendors
14 to deliver such services. After soliciting bids from a number of entities and interviewing those that
15 responded, the Debtor determined to retain ISC Holdings, LLC d/b/a ISC Services, a firm co-owned
16 by the Receiver, on account of its expertise in the industry and familiarity with the portfolio. The
17 Debtor filed a motion [Docket No. 234] to approve this retention, which was approved by the
18 Bankruptcy Court by order entered on April 24, 2025 [Docket No. 283]. The medical updates are
19 nearly complete.

20 **2. The Committee**

21 The Committee was appointed on November 6, 2024 [Docket No. 36]. On November 25,
22 2024, the Debtor and the Committee filed a consensual stipulation [Docket Nos. 75, 112] to vest the
23 Committee with standing to investigate, prosecute and, if appropriate and necessary, settle Estate
24 Claims against former principals and insiders of the Debtor, including without limitation Sean
25 Michaels, Joel Kleinfeld, Scott Grady, SLG Trust, Andrew Murphy, Daniel Cooper, and Richard
26 Cooper as trustee of the 2010 Irrevocable Trust of BBC. The Court entered an order approving the
27 stipulation [Docket No. 156].

28 On March 25, 2025, the Committee moved [Docket No. 246] for authority pursuant to

1 Bankruptcy Rule 2004 to pursue document discovery from and an examination of Scott Grady, the
2 former principal of the Debtor. On April 3, 2025, the Court entered an order granting the
3 Committee’s motion [Docket No. 258] requiring Mr. Grady to produce documents by April 18, 2025
4 and to appear for examination on April 25, 2025. Mr. Grady failed to appear and did not timely
5 seek a protective order. On May 7, 2025, the Committee filed a motion [Docket No. 311] seeking
6 the issuance of an order granting sanctions and requiring Mr. Grady to show cause why he should
7 not be held in contempt of the Court’s order requiring him to produce documents and appear for his
8 examination. On May 22, 2025, the Court entered the Order [Docket No. 331] requiring Mr. Grady
9 and his counsel to appear in person and show cause why he should not be held in contempt and
10 ordered to pay monetary sanctions resulting therefrom. On June 2, 2025, Mr. Grady passed away.

11 The Committee has also filed additional applications under Bankruptcy Rule 2004 seeking
12 information and documents to aid in its investigation of Estate Claims from UMB Bank, NA, Bank
13 of Utah, First Western Trust Bank (each a trustee of the Original Trust), James Turner, Jessica
14 Jimenez, Paul Roy, Andrew Murphy (the Debtor’s former chief executive officer), Christopher
15 Stevens (the Debtor’s former general counsel), and Steven Symons (the former head of the Debtor’s
16 sales office)

17 Two of the original members of the Committee have resigned, so the Committee currently
18 has three members.

19 **3. The Cooper Stipulation**

20 Shortly after the Petition Date, the Cooper Parties filed a motion [Docket No. 67] to dismiss
21 the Debtor’s bankruptcy case, arguing that the Case was commenced without the requisite authority.
22 Other disputes also arose or were imminent among the parties – the Debtor removed the Cooper
23 state court action to this Court (Adv. Proc. No. 25-01001) and the Cooper Parties were expected to
24 seek remand thereof, and the Committee filed an adversary proceeding against the Cooper Parties
25 seeking, among other things, to equitably subordinate the Cooper Parties’ claim to that of all other
26 creditors (Adv. Proc. No. 25-01004).

27 These disputes had the potential to cause the Estate to incur significant legal fees and were
28 delaying the process of (a) updating the medical records for the life insurance policies, (b) collecting

1 past-due premium payments which are critical to the maintenance of the Life Settlement Policies
2 and funding the administrative expenses of the Case, and (c) implementing billing practices on a go
3 forward basis for the collection of quarterly or periodic premium payments to fund the Life
4 Settlement Policies.

5 The parties engaged in settlement discussions that resulted in a global settlement among the
6 Debtor, Committee and Cooper Parties (the “**Cooper Stipulation**”). As set forth in more detail in
7 the motion that was filed to approve the Cooper Stipulation under Bankruptcy Rule 9019 [Docket
8 No. 175], the Cooper Stipulation resolved all pending disputes between the Debtor, Committee and
9 Cooper Parties and also established a structure for the Debtor to move forward to a resolution of the
10 Case and the maximization of value for all Investors and other creditors. In particular, pursuant to
11 the Cooper Stipulation, the Cooper Parties received an allowed secured claim of \$5 million (the
12 “**Cooper Secured Claim**”) and an allowed unsecured claim of \$10 million (the “**Cooper**
13 **Unsecured Claim**”). The Cooper Stipulation provided that the total recovery for the Cooper Parties
14 on account of the Cooper Secured Claim and Cooper Unsecured Claim will not exceed \$10 million
15 in the aggregate unless all other claims are paid in full, in which case the foregoing cap will not
16 apply and the Cooper Unsecured Claim will fully share in recoveries until paid in full. In addition,
17 the Cooper Secured Claim and Cooper Unsecured Claim were allowed without the need for the
18 filing of a proof of claim and are not subject to objection, reduction, or recharacterization, and the
19 Judgment Creditors do not need to file a proof of claim. The Cooper Stipulation also provided for
20 the support of the Cooper Parties of a plan consistent with the Cooper Stipulation and for the Estate
21 to receive the first \$1.5 million of what the Cooper Stipulation referred to as “Excess Cash,” which
22 is the past-due premiums due as of the Petition Date, recoveries from claims brought or settled by
23 the Debtor or the Committee, and proceeds from the maturity or sale of the unallocated, forfeited,
24 or retained shares of the Life Settlement Policies. Once the Estate receives the first \$1.5 million of
25 Excess Cash, the remaining Excess Cash are to be allocated equally between the Estate and the
26 Cooper Secured Claim until satisfaction thereof in full. On February 11, 2025, the Bankruptcy
27 Court entered an order [Docket No. 213] approving the Cooper Stipulation. The Debtor has paid
28 \$415,441.27 to the Cooper Parties under the Cooper Stipulation. The Debtor has set aside another

1 \$50,000.00 by agreement with the Cooper Parties and their former lawyer, who filed a notice of
2 attorney's lien against distributions to be made to the Cooper Parties.

3 Grady appealed the order approving the Cooper Stipulation to the U.S. District Court,
4 Central District of California. Subsequent to the filing of the appeal, Grady passed away. His
5 counsel has recently filed a notice of abandonment of the appeal, although as of the date of this
6 Disclosure Statement, the District Court has not yet dismissed the appeal.

7 In August 2025, the Cooper Parties filed a motion to compel the Debtor to pay the premiums
8 associated with the positions it holds by virtue of one or more orders of the Los Angeles Superior
9 Court. The Debtor opposed the motion procedurally, because the relief sought requires the filing of
10 an adversary proceeding, and substantively. Substantively and among other reasons, the Debtor
11 opposed the motion because the order was entered in a different factual landscape pre-receivership
12 and the Debtor does not have the funds to pay the premiums for positions held by the Cooper Parties
13 without charging other position holders higher premiums, which the Debtor cannot do. The Court
14 denied the motion without prejudice because it was not brought as an adversary proceeding.

15 **4. Adversary Proceedings Filed by the Committee and the Debtor**

16 On June 17, 2025, the Committee filed an adversary proceeding in the Bankruptcy Court
17 against Grady, RLS Grantor, LLC, and a number of different insiders, agents, and promoters of
18 the Debtor alleging a variety of claims, including breach of fiduciary duty, false advertising,
19 conversion, elder abuse, unjust enrichment, and fraudulent transfer. The complaint has not yet
20 been served and a status conference is scheduled for November 13, 2025. A motion to extend the
21 deadline for service is pending. The case is assigned adversary case number 1:25-ap-01033-MB.

22 On June 18, 2025, the Debtor filed an adversary proceeding in the Bankruptcy Court
23 against Bank of Utah, UMB Bank, N.A., First Western Trust Bank, and Wilmington Savings Fund
24 Society dba Christiana Trust, trustees for the trusts utilized by the Debtor as grantor over the
25 years. The complaint alleges claims for breach of contract, breach of fiduciary duty, aiding and
26 abetting fraud and breach of fiduciary duty, gross negligence, and breach of the duty of good faith
27 and fair dealing. The Debtor is in the process of amending the complaint to refine its allegations
28 and the defendants will then have an opportunity to respond to the amended complaint. The case

1 is pending as adversary case number 1:25-ap-01034-MB. Any recoveries from either of these
2 adversary proceedings would benefit the Estate.

3 In the meantime, a group of investors filed a separate complaint in the Los Angeles County
4 Superior Court against Scott Grady, UMB Bank, and Larry Tupler, alleging claims for breach of
5 fiduciary duty, aiding and abetting a breach of fiduciary duty, financial elder abuse, gross
6 negligence and willful misconduct, breach of the covenant of good faith and fair dealing, violation
7 of various provisions of the California Corporations Code, declaratory relief, and unfair business
8 practices. UMB Bank removed the action to the U.S. District Court, Central District of California,
9 which then transferred it to the Bankruptcy Court. The plaintiffs have filed a motion to remand it
10 to the Los Angeles County Superior Court. The Debtor and the Committee are evaluating whether
11 to move to intervene in the lawsuit to the extent it asserts claims that belong to the Estate or
12 otherwise seeks to recover property of the Estate.

13 **5. Claims Bar Date**

14 The deadline for creditors to file proofs of claim against the Debtor or the Estate was
15 February 14, 2025, for creditors generally and April 7, 2025, for governmental units. More than
16 1200 claims were filed, which is in addition to the scheduled claims. The Debtor's review and
17 reconciliation of these claims is ongoing.

18 **6. Reports and Schedules**

19 The Debtor is in compliance with all of its reporting obligations under section 521 of the
20 Bankruptcy Code, Bankruptcy Rules 1006 and 1007, and the local rules of the Court and guidelines
21 of the OUST as applicable. The Debtor filed the *Chapter 11 Status Conference Report* on November
22 13, 2024 [Docket No. 52] and has timely filed its monthly operating reports. The Debtor filed its
23 Schedules and SOFA on December 20, 2024 [Docket No. 116]. The Debtor has timely paid all fees
24 owed to the OUST.

25 The meeting of creditors pursuant to section 341(a) of the Bankruptcy Code was held on
26 November 5, 2024, before being continued to and concluded on March 20, 2025 [Docket Nos. 216,
27 243, 244]. The Debtor has also conducted townhall meetings for creditors on February 10, 2025,
28 and April 14, 2025, and has conducted regular small group sessions to address questions. More

1 small group sessions will be scheduled in connection with the filing of the Plan and Disclosure
2 Statement.

3 **7. The Listing for Sale of Seven Policies**

4 As a result of the invoicing process, the Debtor has identified approximately 442 clients
5 who have continued to pay premiums to maintain their positions in total death benefits of
6 approximately \$53.8 million as of September 29, 2025. It has identified seven policies with
7 approximately \$27 million of death benefits that it does not need to have sufficient death benefits
8 to cover all of those clients who want to maintain \$53.8 million worth of death benefits. The
9 Debtor identified the policies using various criteria, including diversification by including two of
10 three policies that cover the life of the same insured, policies where third parties hold beneficial
11 interests but do not pay premiums, and a couple of smaller policies. On September 16, 2025, the
12 Debtor filed a motion to employ Melville Capital LLC to market and sell these policies. The
13 deadline for bids to be received is October 20, 2025, with the highest bidder(s) to be identified on
14 October 22, 2025. The hearing to confirm the sale(s) is scheduled for October 23, 2025.

15 If granted, the Debtor intends to pay half of the net proceeds of the sale to the Cooper
16 Parties pursuant to the Cooper Stipulation.

17 **D. Summary of the Debtor's Assets and Liabilities**

18 **1. The Debtor's Assets**

19 The Debtor's assets consist primarily of (a) Cash held in its bank accounts, (b) Accounts
20 Receivable, (c) Residual Interests, and (d) Estate Claims. As of the Effective Date, the Debtor
21 expects to hold cash of approximately \$750,000 and Accounts Receivable with the face amount of
22 approximately \$1,098,798. The value of the Residual Interests will depend on the value and
23 marketability of the Life Settlement Policies. Similarly, the value of the Estate Claims and
24 identification of all Potential Litigation Targets is presently unknown because the forensic
25 accounting of the transactions that occurred prior to the appointment of the Receiver has not yet
26 been completed, and will also depend on the collectability of any judgments that might be obtained.
27 However, the Debtor believe that these assets are sufficient to fund the Plan process, stabilize the
28 portfolio of Life Settlement Policies, achieve confirmation, and appropriately pursue the Estate

1 Claims. **The amount and timing of Distributions under the Plan, if any, for Allowed Claims**
2 **will primarily depend on the value of the Residual Interests and on the outcome of litigation**
3 **of the Estate Claims.**

4 **2. The Debtor's Liabilities**

5 The Debtor's liabilities include the judgment in favor of the Cooper Parties, as modified
6 pursuant to the Cooper Stipulation, 1,085 claims with a face value of approximately \$118 million
7 after removal of duplicates, amended, and late claims, and other costs including the costs of the
8 Receiver and of administration for the Bankruptcy Case. At this time, the total amount of anticipated
9 Allowed claims against the Debtor is not known.

10 The Debtor's review of the filed claims is ongoing. Without limiting the foregoing, the
11 Debtor notes that many Investors, as well as Scott Grady and other former officers or insiders of the
12 Debtor, or their respective affiliates, have filed various claims that purport to be, in whole or in part,
13 secured, entitled to priority, or to treatment as Administrative Claims. The Debtor believes that
14 most of these Claims are not secured, are not entitled to priority, and are not entitled to treatment as
15 Administrative Claims, and the Plan treats all such Claims as General Unsecured Claims or as
16 Subordinated Claims.

17
18 **III. PLAN SUMMARY**

19 The following is a summary of the Plan's material provisions.

20 **A. The Plan Provides for the Liquidation of the Debtor**

21 The Plan is a liquidating plan and provides for all Assets of the Debtor to vest in the
22 Liquidating Trust and be administered by the Liquidating Trustee for the benefit of Holders of
23 Allowed Claims as set forth in the Plan. On the Effective Date, all Plan Assets will be vested in the
24 Liquidating Trust. Plan Assets do not include the pooled Life Settlement Policies.

25 **B. What Creditors and Interest Holders Will Receive Under the Plan**

26 After the Effective Date, the Liquidating Trustee will prosecute the Estate Claims and
27 liquidate the other Plan Assets and will reconcile and make Distributions to Holders of Allowed
28 Claims in accordance with the Plan. Creditors with Allowed Claims in Classes 1a, 1b, 3b, 3c, and

1 3d will receive beneficial interests in the Liquidating Trust equal to the Allowed amounts of their
2 Claims. All Distributions to the Holders of Allowed Claims will be made by the Liquidating Trustee
3 from Plan Assets. No Distributions will be made to the Holders of any Disputed Claims unless and
4 until they become Allowed Claims.

5 On the Effective Date, the sub-trust structure of the New Trust will be eliminated and all of
6 the Life Settlement Policies pooled, with Investors with Active Positions, including those with
7 Allowed Class 3a General Unsecured Claims, holding a beneficial interest in the New Trust that is
8 equal to the same amount of death benefit that they held in the sub-trust structure. However, rather
9 than owning a fractional beneficial interest in a sub-trust that owns one policy, they will hold a
10 fractional beneficial interest in the New Trust that holds the pooled Life Settlement Policies.
11 Investors with Active Positions will receive their pro rata share of death benefits as each of the
12 pooled Life Settlement Policies matures. The Liquidating Trustee will exercise the rights of the
13 grantor under the Original Trust agreement and the New Trust Agreement.

14 As required by the Bankruptcy Code, the Plan classifies Claims and Interests in various
15 Classes according to their right of priority. The Plan states whether each Class of Claims or Interests
16 is impaired or unimpaired. The Plan provides the treatment each Class will receive. In no event
17 shall any creditor receive more than the creditor's Allowed Claim.

18 **C. Allowance and Treatment of Unclassified Claims**

19 Certain types of claims are not placed into voting classes; instead, they are unclassified. They
20 are not considered impaired and they do not vote on the Plan because they are automatically entitled
21 to specific treatment provided for them in the Bankruptcy Code. As such, the Debtor has not placed
22 the following claims in a class:

23 **1. Administrative Claims**

24 Administrative Claims are Claims allowed and entitled to priority under sections 503(b) and
25 507(a)(2) of the Bankruptcy Code. The Bankruptcy Code requires that all such Claims be paid on
26 the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

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1 **a. Administrative Claims Other Than Professional Fee Claims**

2 All Holders of Administrative Claims other than Professional Fee Claims shall File a
3 Request for Payment of such Claim no later than thirty (30) days after the Effective Date, except
4 that (a) no such Request for Payment need be filed by the OUST, and (b) subject to the prior written
5 consent of the Liquidating Trustee, a Request for Payment need not be filed for any Administrative
6 Claim arising in a transaction with the Debtor after the Petition Date and documented by an invoice
7 submitted in the ordinary course prior to the Effective Date. Each such request must set forth the
8 amount of, and basis for, such Claim together with supporting documentation.

9 The deadline for the Liquidating Trustee to object or otherwise respond to any Request for
10 Payment filed after the Effective Date, whether styled as a Motion or otherwise, and whether or not
11 calendared for hearing by the Holder, shall be the Claim Objection Deadline. Any party-in-interest,
12 including, but not limited to, the Liquidating Trustee, may file an objection to such a request for
13 payment within the time provided by the Bankruptcy Rules or within any other period the
14 Bankruptcy Court establishes. Persons holding Administrative Claims who do not timely file and
15 serve a request for payment will be forever barred from asserting these Claims or sustaining any
16 action seeking payment in any forum or from any court deriving from these Claims against the
17 Estate, the Debtor, the Liquidating Trust, the New Trust, or their respective assets.

18 **2. Professional Fee Claims**

19 Professional Fee Claims are Claims pursuant to sections 327, 328, 330, 331, 503, or 1103
20 for compensation for professional services rendered or expenses incurred on the Estate’s behalf, or
21 are allowable pursuant to sections 503(b)(3)(D), 503(b)(3)(E) or 503(b)(4) of the Bankruptcy Code.
22 Any such Claims that are or become Allowed shall be paid in full and in Cash on or before the later
23 of (i) the Effective Date; or (ii) 7 days after such Claim becomes an Allowed Claim; that any Holder
24 of any such Claim may agree to different and less-favorable treatment of such Claim. except as may
25 be otherwise agreed by the Holder of such Claim.

26 The Debtor projects approximately \$2,162,000 of unpaid Professional Fee Claims for estate
27 professionals as of the Effective Date, consisting of the following:
28

- 1 • a Claim by Raines Feldman Littrell LLP, general bankruptcy counsel for the Debtor,
2 in the approximate amount of \$700,000.
- 3 • a Claim by Force Ten Partners, LLC, for providing the advisory personnel and the
4 chief restructuring officer of the Debtor, in the approximate amount of \$680,000.
- 5 • a Claim by Golden Goodrich LLP, counsel to the Committee, in the approximate
6 amount of \$600,000.
- 7 • a Claim by Stretto, Inc., as the claims, noticing and solicitation agent for the Debtor,
8 in the approximate amount of \$182,000.

9 In addition, the Receiver and his professionals have filed claims under 11 U.S.C. §
10 503(b)(3)(E) for the following amounts: (1) \$743,948.63 for the Receiver; (2) \$685,051.31 for his
11 counsel, Womble Bond Dickinson (US) LLC; (3) \$324,769.92 for his counsel, the Law Offices of
12 Elizabeth J. Campbell, APC; and (4) \$85,311.11 for local counsel Levene, Neale, Bender, Yoo &
13 Golubchik LLP.

14 All final applications for payment of any Professional Fee Claim shall be Filed or before
15 thirty (30) days after the Effective Date (or such further date if extended by Court order), and any
16 objections to such application shall be Filed as noted in the notice of the hearing on such
17 applications. All such applications and objections shall comply with the applicable provisions of
18 the Bankruptcy Code, Bankruptcy Rules, Local Rules, and applicable Orders of the Bankruptcy
19 Court. Persons holding Professional Fee Claims who do not timely file and serve an application for
20 allowance and payment will be forever barred from asserting these Claims against the Estate, the
21 Debtor, the Liquidating Trust, the New Trust, or their respective assets.

22 **3. Priority Tax Claims**

23 Priority Tax Claims consist of certain unsecured employment or other taxes as set forth in
24 section 507(a)(8) of the Bankruptcy Code. Any such Claims that are or become Allowed shall be
25 paid in Cash in equal quarterly installments such that the Claim is paid in full by the date that is five
26 (5) years from the Petition Date, and with interest on any unpaid balance from and after the Effective
27 Date at the rate required by section 511 of the Bankruptcy Code to provide “present value” of such
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1 Allowed Claim. The Debtor shall have the right to prepay any Allowed Priority Tax Claim in full
 2 at any time and without penalty or fee, in its sole and absolute discretion.

3 The Debtor is continuing to review and reconcile its books and records with the filed Priority
 4 Tax Claims, for which the bar date has already passed. However, based on the filed Claims, the
 5 Debtor projects not more than \$29,000 of Priority Tax Claims, including all obligations to the
 6 Internal Revenue Service, the California Employment Development Department, the Franchise Tax
 7 Board, and Los Angeles County.

8 **D. Allowance and Treatment of Classified Claims and Interests**

9 **1. Summary of Classes**

10 As required by the Bankruptcy Code, the Plan places Claims and Interests into various
 11 Classes according to their right to priority and other relative rights. The chart below lists Classes of
 12 Claims and Interests established under the Plan and indicates whether the Class is impaired or
 13 unimpaired by the Plan. A Class is unimpaired if the Plan leaves unaltered the legal, equitable, and
 14 contractual rights to which the holders of Claims or Interests in the Class are entitled, with limited
 15 exceptions.

Class	Description	Status	Estimated Amount of Allowed Claims	Projected Recovery
1a	Secured Judgment Lien Claims of E Substance and Mikhail Finkelbaum	Unimpaired	\$71,231.87, plus post-judgment interest, if allowed	100%
1b	Allowed Secured Claim of the Cooper Parties	Impaired (Entitled to Vote)	\$4,534,558.73	100%
2	Other Priority Claims	Unimpaired (Deemed to Accept)	\$0.00	100%
3a	Allowed General Unsecured Claims filed by Investors related to Active Positions in the Original Trust or the New Trust, including those with a beneficial interest in the sub-trust that held matured life insurance policy LH6768 who were active as of the Effective Date and stay current/active after the Effective Date.	Impaired (Entitled to Vote)	\$53,800,000	100%
3b	Allowed Unsecured Claim of the Cooper Parties	Impaired (Entitled to Vote)	\$5,000,000 to \$10,000,000, depending on the	0.0% - Unknown

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Class	Description	Status	Estimated Amount of Allowed Claims	Projected Recovery
			solvency of the Estate	
3c	All General Unsecured Claims unrelated to either Active Positions in the Original Trust or the New Trust or to Forfeited Positions in the Original Trust or the New Trust and who, if they are held by an Investor or Former Investor, elected on their ballot to assign their Personal Claims to the Liquidating Trust. Class 3c includes any Claims based on allegations of fraud by the Debtor if the Investor or Former Investor elects on their ballot to assign their Personal Claims to the Liquidating Trust.	Impaired (Entitled to Vote)	\$5,000,000 to \$7,000,000	0.0% - Unknown
3d	Subordinated Claims of Investors (a) who Hold Pre-Effective Date Forfeited Positions or Post-Effective Date Forfeited Positions, or (2) would otherwise hold a Class 3c General Unsecured Claim but who declined to elect on their ballot to assign Personal Claims to the Liquidating Trust	Impaired (Entitled to Vote)	TBD	0.0% - Unknown
4	Equity Interests	Impaired (Deemed to Reject)	N/A	0%

2. Secured Claims Other Than the Cooper Secured Claim (Class 1a)

(a) Class 1a consists of all Secured Claims other than the Cooper Secured Claim. The only Secured Claims that the Debtor is aware of are two judgment lien claims where the judgment creditors did not file a Proof of Claim. Notwithstanding that, to the extent that the judgments remain unsatisfied, the lien claimants have a lien against accounts receivable and tangible chattel paper, if any, under California Code of Civil Procedure § 697.530.

1 (b) Except to the extent that a Holder of a Class 1a Secured Claim agrees to less favorable
2 treatment, on the Effective Date or, if an action to void their lien is pending as of the Effective Date,
3 the date that any action seeking to void their lien is resolved by a Final Order, the Holder of a Class
4 1a Secured Claim will receive in full and final satisfaction, settlement, release and discharge of such
5 Claim, payment in full and in Cash of the unpaid portion of such Claim, including any interest
6 thereon required to be paid under section 506(b) of the Bankruptcy Code, up to the value of the
7 collateral securing such Claim as of the Petition Date. To the extent the collateral securing a Class
8 1a Secured Claim is not sufficient to pay the Claim in full, the balance of the claim shall be treated
9 as a Class 3c General Unsecured Claim.

10 (c) Class 1a is unimpaired and is conclusively presumed to have accepted the Plan
11 pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Claims in Class 1a are
12 not entitled to vote to accept or reject the Plan.

13 **3. Allowed Secured Claim of the Cooper Parties (Class 1b)**

14 Pursuant to the Cooper Stipulation, the Class 1b Secured Claim of the Cooper Parties is
15 allowed in the amount of \$4,534,558.73, which takes into account the payment already received.
16 On the Effective Date, the Cooper Parties shall receive a pro rata share of the beneficial interest in
17 the Liquidating Trust in full satisfaction, settlement, discharge, and release of, and in exchange for
18 its Allowed Secured Claim. Pursuant to the Cooper Stipulation, the Cooper Parties will split Excess
19 Cash equally with the Liquidating Trust until \$5 million has been paid on the Allowed Class 1B
20 Secured Claim of the Cooper Parties. Payments on the Class 1b Secured Claim will be made each
21 time the Estate accumulates \$250,000.00 of Excess Cash, which Excess Cash shall be split equally
22 between the Allowed Class 1B Secured Claim and the Liquidating Trust. The Estate and the
23 Liquidating Trust reserve all contribution claims against co-obligors under the Cooper Judgment.

24 **4. Other Priority Claims (Class 2)**

25 (a) Class 2 consists of any Other Priority Claims, which are Claims entitled to priority
26 pursuant to section 507(a) of the Bankruptcy Code that are not Priority Tax Claims. For the
27 avoidance of doubt, the Debtor believes that there are no Other Priority Claims because, among
28 other things, the Debtor did not have any employees during the 180 days prior to the Petition Date,

1 and therefore no Persons may assert any Claim entitled to priority under sections 507(a)(4) or
2 507(a)(5) of the Bankruptcy Code. However, out of an abundance of caution, the Plan provides for
3 a Class of such Claims and with treatment as required by the Bankruptcy Code.

4 (b) Except to the extent that a Holder of an Allowed Other Priority Claim agrees to less
5 favorable treatment, on the later of the Effective Date or the date such Claim becomes Allowed (or
6 the due date of such Claim in accordance with its terms), in full and final satisfaction, settlement,
7 release and discharge of such Claim, the Holder shall receive, payment in full and in Cash of the
8 unsatisfied amount of such Claim.

9 (c) Class 2 is unimpaired and is conclusively presumed to have accepted the Plan
10 pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Claims in Class 2 are not
11 entitled to vote to accept or reject the Plan.

12 **5. General Unsecured Claims Filed by Investors with Active Positions**
13 **(Class 3a)**

14 (a) Class 3a consists of all General Unsecured Claims filed by Investors related to Active
15 Positions in the Original Trust or the New Trust, including those with a beneficial interest in the
16 sub-trust that held matured life insurance policy LH6768 who were active as of the Effective Date
17 and remain active/current after the Effective Date.

18 (b) As set forth below, on the later of January 1, 2026, or the Effective Date, the Life
19 Settlement Policies shall be pooled within the New Trust and each Holder of an Allowed Class 3a
20 Claim who holds an Active Position on the Effective Date shall be allocated the same amount of
21 death benefit that they held as of the Effective Date or the date of maturity of policy LH6768, as
22 applicable, as a beneficiary of the New Trust. If they continue to pay premiums and their allocation
23 of an administrative fee, then they will receive their pro rata share of the death benefits as the Life
24 Settlement Policies mature. This will be in full and final satisfaction, settlement, release and
25 discharge of such Claim. Holders of Class 3a Claims may elect to forfeit their positions after the
26 Effective Date but will be entitled to no further distribution(s) from the Liquidating Trust unless
27 they elected on their ballot to assign any Personal Claims to the Estate, in which case they will be
28 treated as a Class 3d Subordinated General Unsecured Creditor following such forfeiture and

1 entitled to share in any Distributions made to holders of Allowed Class 3d Claims after the date of
2 forfeiture

3 (c) Class 3a is impaired and entitled to vote to accept or reject the Plan.

4 **6. General Unsecured Claims (Class 3b)**

5 (a) Class 3b consists of the Allowed Unsecured Claim of the Cooper Parties, which is
6 Allowed in the amount of \$10 million. On the Effective Date, the Cooper Parties shall receive a pro
7 rata share of the beneficial interest in the Liquidating Trust in full satisfaction, settlement, discharge,
8 and release of, and in exchange for its Allowed Class 3b Unsecured Claim, which shall entitle the
9 Cooper Parties to their Pro Rata Distribution of the Available Trust Proceeds after senior Classes
10 are Paid in Full, subject to any applicable cap under and otherwise in accordance with the Cooper
11 Stipulation, with all Pro Rata Distributions on the Allowed Class 3b Unsecured Claim to be made
12 on a Pro Rata basis with the Allowed General Unsecured Claims in Class 3c.

13 (b) Class 3b is impaired and is entitled to vote to accept or reject the Plan.

14 **7. General Unsecured Claims Unrelated to Active Positions or to**
15 **Forfeited Positions (Class 3c)**

16 (a) Class 3c consists of all General Unsecured Claims unrelated to either Active
17 Positions in the Original Trust or the New Trust or to forfeited positions in the Original Trust or the
18 New Trust and who, if they are an Investor, elect on their ballot to assign their Personal Claims to
19 the Liquidating Trust. Class 3c includes any Claims by Investors based on allegations that the
20 Debtor or its agents engaged in fraud, as long as the Investor elects on their ballot to assign their
21 Personal Claims to the Liquidating Trust.

22 (b) On the Effective Date, each Holder of an Allowed Class 3c General Unsecured Claim
23 shall receive a pro rata share of the beneficial interest in the Liquidating Trust in full satisfaction,
24 settlement, discharge, and release of, and in exchange for its Allowed Unsecured Claim, which shall
25 entitle such Holder to their Pro Rata Distribution of the Available Trust Proceeds after all senior
26 Classes are Paid in Full.

27 (c) Class 3c is impaired and is entitled to vote to accept or reject the Plan.

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1 **8. Subordinated General Unsecured Claims (Class 3d)**

2 (a) Class 3d consists of all Subordinated General Unsecured Claims for Investors who
3 have either forfeited their interests in a sub-trust or who would otherwise hold a Class 3c General
4 Unsecured Claim but who did not elect on their ballot to assign their Personal Claims to the
5 Liquidating Trust. For the avoidance of doubt, and notwithstanding anything to the contrary in the
6 Plan, any Claim (or portion thereof) that is a Subordinated Claim shall receive treatment solely
7 under Class 3d and not under any other Class. For clarity, the Debtor notes that it is possible for a
8 claimant to hold a Class 3a General Unsecured Claim for their Active Position and a Class 3d
9 Subordinated General Unsecured Claim to the extent that they are a Forfeited Investor.

10 (b) On the Effective Date, each Holder of an Allowed Class 3d Subordinated General
11 Unsecured Claim shall receive a pro rata share of the beneficial interest in the Liquidating Trust in
12 full satisfaction, settlement, discharge, and release of, and in exchange for its Allowed Subordinated
13 Unsecured Claim, which shall entitle such Holder to their Pro Rata Distribution of the Available
14 Trust Proceeds after all senior Classes, including the Holders of Allowed Class 3C General
15 Unsecured Claims, are Paid in Full. Thus, there is a very high likelihood that such creditors will
16 not receive a distribution under the Plan.

17 (b) Class 3d is impaired and is entitled to vote to accept or reject the Plan.

18 **9. Equity Interests (Class 4)**

19 (a) Class 4 consists of all Equity Interests.

20 (b) On the Effective Date, all Equity Interests shall be canceled and extinguished with
21 no Distributions thereon.

22 (c) Class 4 is impaired and is conclusively deemed to have rejected the Plan.
23 Accordingly, Holders of Claims in Class 4 are not entitled to vote such Claims to accept or reject
24 the Plan.

25 **E. Means for Implementation of the Plan**

26 On the Effective Date, all Assets of the Debtor will vest in the Liquidating Trust. The
27 Liquidating Trustee will fund Distributions to creditors with Allowed Claims, prosecute the Estate
28 Claims, and otherwise implement the Plan by the means described below. In addition, on the

1 Effective Date, all of the Life Settlement Policies held by the Original Trust or the New Trust will
2 be deemed pooled into the New Trust and all sub-trusts will be deemed dissolved. Last, the entry
3 of the Confirmation Order will be deemed a ratification of all actions taken by the Receiver and the
4 Debtor to initiate this Bankruptcy Case.

5 **1. The Liquidating Trust**

6 **a. Establishment of the Liquidating Trust**

7 On the Effective Date, a Liquidating Trust Agreement in a form approved by the
8 Bankruptcy Court shall be executed, and all other necessary steps shall be taken to establish the
9 Liquidating Trust and the Trust Beneficial Interests therein, which shall be for the benefit of the
10 Holders of Allowed Claims in Classes 1b, 3b, 3c, and 3d. The proposed Liquidating Trust
11 Agreement is attached as Exhibit “1.”

12 **b. Purpose of the Liquidating Trust**

13 The Liquidating Trust shall be established and maintained for the purpose set forth in the
14 Liquidating Trust Agreement, including for the purpose of collecting, distributing, and liquidating
15 Plan Assets and pursuing Estate Claims for the benefit of creditors entitled to receive distributions
16 under the Plan from the Liquidating Trust in accordance with the terms of the Liquidating Trust
17 Agreement and the Plan. The Liquidating Trust shall have no objective or authority to continue or
18 to engage in the conduct of any trade or business other than to authorize the sale of any Residual
19 Interests that are held by the Liquidating Trust.

20 **c. Transfer of Property to the Liquidating Trust**

21 On the Effective Date, all Plan Assets shall vest in the Liquidating Trust free and clear of all
22 Claims, Liens or interests other than the Liens held by holders of Allowed Secured Claims. On the
23 Effective Date, the Liquidating Trustee shall make all Distributions required under the Plan on the
24 Effective Date on Administrative Claims, Priority Tax Claims, and Other Secured Claims that are
25 Allowed on or prior to the Effective Date. All Distributions to be made pursuant to the Plan shall
26 be funded from the Plan Assets. For the avoidance of doubt and without limiting the foregoing, all
27 Residual Interests shall vest in the Liquidating Trust and be exercisable by the Liquidating Trustee
28

1 in accordance with the provisions of the Plan, from and after the Effective Date and without the
2 necessity of any action being taken by Odyssey Trust.

3 **d. Substitution in Litigation and Authority to Resolve Actions**

4 On or after the Effective Date, the Liquidating Trustee, in the capacity as the representative
5 of the Liquidating Trust, shall continue as a plaintiff in all Litigation and Estate Claims in which
6 the Debtor or the Committee as the assignee of the Debtor were plaintiff prior to the Effective
7 Date. On the Effective Date, all Estate Claims including those on the list of Potential Litigation
8 Targets that is attached as Exhibit “2” that belong to the Debtor and/or the Estate shall be deemed
9 assigned, set over, transferred, and conveyed to the Liquidating Trust. On and after the Effective
10 Date, the Liquidating Trustee shall be duly authorized to pursue, or to continue to pursue Estate
11 Claims. The Liquidating Trustee shall have full power and authority to settle, adjust, retain,
12 enforce, or abandon the Estate Claims, regardless of when the pursuit of such claims was
13 commenced. For settlements or other dispositions of \$50,000 or less, the Liquidating Trustee shall
14 not be required to obtain Court approval, although the Liquidating Trustee may seek such Court
15 approval if desired. For settlements of \$50,001 or greater, the Liquidating Trustee shall first
16 obtain Court approval, with notice of the motion to approve the settlement to be served on the
17 Cooper Parties, the twenty (20) largest unsecured creditors and parties requesting special notice.

18 **e. Securities Exempt**

19 Under § 1145 of the Bankruptcy Code and to the extent that the beneficial interests in the
20 Liquidating Trust are considered securities, the issuance of beneficial interests in the Liquidating
21 Trust to creditors shall be exempt from registration under the Securities Act, as amended, and all
22 applicable state and local laws requiring registration of securities.

23 **f. Governance of the Liquidating Trust**

24 The Liquidating Trust shall be governed by the Liquidating Trustee in accordance with the
25 Liquidating Trust Agreement and consistent with the Plan. Nicholas D. Rubin, or any successor
26 appointed pursuant to the terms of the Liquidating Trust Agreement, shall serve as the Liquidating
27 Trustee, subject to the provisions of the terms of the Liquidating Trust Agreement. The
28 Liquidating Trustee shall retain and have all of the rights, powers, and duties necessary to carry

1 out their responsibilities under the Plan and the Liquidating Trust Agreement, and as otherwise
2 provided in the Confirmation Order. The duties, obligations, and responsibilities of the
3 Liquidating Trustee shall be as set forth in the Liquidating Trust Agreement. The Liquidating
4 Trustee’s responsibilities, duties, and obligations are solely to the Trust Beneficiaries. The
5 Liquidating Trustee shall have an independent right and standing to request relief from the
6 Bankruptcy Court that the Liquidating Trustee believes to be in accordance with the best interest
7 of the Trust Beneficiaries. The Liquidating Trustee shall be deemed to be a “party in interest”
8 within the meaning of § 1109(b) of the Bankruptcy Code and a representative of the Estate under
9 Bankruptcy Code §§ 1123(b)(3) and 1129(a)(5). The Liquidating Trustee shall be compensated in
10 accordance with the Liquidating Trust Agreement.

11 **g. Rights, Powers, and Privileges of the Liquidating Trustee**

12 The Liquidating Trustee shall have all of the rights, powers, and privileges of a chapter 11
13 trustee and as expressly provided in the Plan and the Liquidating Trust Agreement. The
14 Liquidating Trustee shall have the power to take the actions granted in the Liquidating Trust
15 Agreement and any powers reasonably incidental thereto that the Liquidating Trustee, in his
16 reasonable discretion, deems necessary or appropriate to fulfill the purpose of the Liquidating
17 Trust, unless otherwise specifically limited or restricted by the Plan or the Liquidating Trust
18 Agreement. In addition, on and after the Effective Date, the Liquidating Trustee shall serve as the
19 grantor under the New Trust without the necessity of an amendment to the New Trust Agreement
20 and be vested with all power and authority of the grantor under the New Trust Agreement. If the
21 Plan Assets are insufficient to pay Allowed Administrative Claims or the ongoing administrative
22 expenses of the Liquidating Trust in full, then the Liquidating Trustee may exercise the grantor
23 interest in the New Trust to cause its corpus to be used to pay these administrative expenses prior
24 to their distribution to the beneficiaries of the New Trust.

25 **h. Agents and Professionals**

26 Subject to the provisions of the Liquidating Trust Agreement, the Liquidating Trustee shall
27 consult with and retain attorneys, accountants, or other parties deemed by the Liquidating Trustee
28 to have qualifications necessary to assist in the proper administration of the Liquidating Trust.

1 The Liquidating Trustee may pay the reasonable salaries, fees, and expenses of such persons,
2 including contingency fees, out of the Plan Assets in the ordinary course to the extent permitted by
3 the Liquidating Trust Agreement and may create reserves for these salaries, fees, and expenses
4 from the Plan Assets.

5 **i. Investment and Safekeeping of Plan Assets**

6 All Cash and Plan Assets received by the Liquidating Trustee shall, until distributed or
7 paid as provided in the Liquidating Trust Agreement or the Plan be held in the Liquidating Trust
8 for the benefit of the Trust Beneficiaries, but need not be segregated from other Plan Assets unless
9 and to the extent required by law or the Plan. The Liquidating Trustee shall be under no liability
10 for interest or producing income on any moneys received by the Liquidating Trustee and held for
11 distribution or payment to the Trust Beneficiaries, except as such interest shall actually be
12 received by the Liquidating Trustee.

13 **j. Limitations on the Liquidating Trustee**

14 Except as otherwise provided in the Plan, the Liquidating Trustee shall not at any time, on
15 behalf of the Liquidating Trust, (i) enter into or engage in any trade or business, and no part of the
16 Plan Assets or the proceeds, revenue, or income derived therefrom shall be used or disposed of by
17 the Liquidating Trust in furtherance of any trade or business, or (ii) except as provided in the
18 Liquidating Trust Agreement, reinvest any Plan Assets. The Liquidating Trustee may invest funds
19 held in the Liquidating Trust consistent with the requirements of the Liquidating Trust Agreement
20 and the prudent person standard of care, provided that the Liquidating Trustee shall have no
21 liability in the event of insolvency of any financial institution in which they have invested any
22 funds of the Liquidating Trust provided that the institution is on the list of the approved
23 depositories by the United States Trustee. The Liquidating Trustee shall hold, collect, conserve,
24 protect, and administer the Liquidating Trust in accordance with the provisions of the Liquidating
25 Trust Agreement and the Plan, and pay and distribute amounts as set forth herein for the purposes
26 set forth in the Liquidating Trust Agreement.

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1 Subchapter J, Part 1, Subpart E of the Tax Code (hereinafter defined) owned by the Beneficiaries
2 as grantors.

3 **o. Amendment of the Liquidating Trust Agreement**

4 The Liquidating Trust Agreement may be amended at any time, pursuant to the terms of
5 the Liquidating Trust Agreement.

6 **p. Removal or Resignation of the Liquidating Trustee**

7 The Liquidating Trustee may be removed for “cause” as determined on Motion to the
8 Bankruptcy Court filed on not less than sixty (60) days’ notice and served on the Liquidating
9 Trustee, counsel for the Liquidating Trustee, and the OUST. For any such Motion, “cause” will
10 include (a) the Liquidating Trustee’s willful failure to perform his, her or its material duties
11 hereunder which is not remedied within 30 days of written notice and service thereof on the
12 Liquidating Trustee; (b) the Liquidating Trustee’s death; (c) the Liquidating Trustee’s mental or
13 physical incapacity that materially and adversely affects the Liquidating Trustee’s ability to perform
14 his, her or its duties under the Plan; (d) the Liquidating Trustee’s commission of an act of fraud,
15 theft or embezzlement in connection with the Liquidating Trustee’s duties under the Plan; or (e) the
16 Liquidating Trustee’s conviction for the commission of a felony with all appeals having been
17 exhausted or appeal periods lapsed. For purposes of the foregoing, no act or failure to act on the part
18 of the Liquidating Trustee shall be considered “willful” unless it is done, or permitted to be done,
19 by the Liquidating Trustee without reasonable belief that the Liquidating Trustee’s action or
20 omission was in the interests of the Holders of Allowed Claims in the context of the Plan.

21 In the event that the Liquidating Trustee seeks to resign as Liquidating Trustee, he shall
22 first appoint a qualified successor Liquidating Trustee who must agree in writing to be bound by
23 the provisions of the Plan and the Liquidating Trust Agreement. Notice of the resignation and
24 appointment of a successor Liquidating Trustee shall be given to the OUST, to any remaining
25 holders of Allowed Secured Claims, and to the holders of the twenty largest Allowed General
26 Unsecured Claims. Upon appointment consistent with this provision, any successor Liquidating
27 Trustee, without any further act, shall become fully vested with all the rights, powers, duties, and
28 obligations of such successor Liquidating Trustee’s predecessor.

1 **2. Pooling of the Life Settlement Policies in the New Trust**

2 On the Effective Date, the Life Settlement Policies held by the New Trust will be deemed
3 pooled and the sub-trust structure eliminated so that the New Trust is the owner of all of the Life
4 Settlement Policies. On the Effective Date, the Liquidating Trustee will identify all Active
5 Investors, including those who are Holders of Allowed Class 3a General Unsecured Claims, and
6 those Investors will receive the same amount of death benefit that they held when they held a
7 beneficial interest in a sub-trust, but it will be across a pooled portfolio of Life Settlement Policies
8 that have a cumulative death benefit equal to or greater than the amount of death benefits held by
9 each Active Investor (the “Pooled Life Settlement Portfolio”). Beneficiaries of the New Trust will
10 need to continue to pay their pro rata share of the premiums due on the Pooled Life Settlement
11 Portfolio in order to maintain their status as an Active Investor. For purposes of clarification and
12 administrative consistency, all premium invoices issued by the Liquidating Trustee to Trust
13 Beneficiaries will be calculated and rounded to the nearest two decimal places. The Liquidating
14 Trustee will have the authority to cause the sale of any Life Settlement Policies that are not needed
15 to make the Active Investors whole or, if a sale is not feasible, to permit any unneeded Life
16 Settlement Policy to lapse. If Active Investors later forfeit their positions in the Pooled Life
17 Settlement Portfolio, the Liquidating Trustee will have the authority to offer any forfeited
18 positions for sale.

19 **3. Dissolution of the Committee**

20 On the Effective Date, the Committee will be deemed dissolved and the members of the
21 Committee discharged from their duties as members of the Committee.

22 **4. Release of Liens**

23 Except as otherwise expressly provided in the Plan or the Confirmation Order, on the
24 Effective Date, all Liens or other security interests in or against any property of the Estate shall be
25 released, canceled, extinguished, and terminated, in each case without further notice to or order of
26 the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote,
27 consent authorization, or approval of any Person. The Liquidating Trustee is empowered, in its sole
28 discretion, but is not required, to file such releases or pleadings and/or record such documents or

1 instruments as necessary to eliminate, expunge or release such liens from their respective assets.
2 The filing of the Confirmation Order with any federal, state, or local agency or department shall
3 constitute good and sufficient evidence of, but shall not be required to effect, the termination of such
4 Liens, Claims, and other interests to the extent provided in the immediately preceding sentence.

5 **5. Cancellation of Claims, Interests and Obligations**

6 On the Effective Date, notwithstanding anything to the contrary in the Plan, all Equity
7 Interests in the Debtor, and every document, agreement, or instrument evidencing any interest in or
8 Claim in the Debtor shall be deemed cancelled without further act or action under any applicable
9 agreement, law, regulation, order, or rule and the obligations of the Debtor under any such
10 document, agreement or instrument evidencing any such interest or Claim, including without
11 limitation any obligation to indemnify any non-Debtor Person, shall be deemed extinguished;
12 *provided, however*, that the provisions of any such document, agreement or instrument shall
13 continue in effect solely to the extent necessary to allow any Holder to receive Distributions or
14 exercise rights under the Plan or to allow the Liquidating Trustee to prosecute any Estate Claims.

15 **6. Liability of Grady and Michaels for Claims Not Paid in Full Under the**
16 **Plan**

17 Based on the Alter Ego Finding, Grady's estate shall remain liable for all Claims not paid in
18 full under the Plan. Michaels shall remain liable for any Claims not paid in full under the Plan to
19 the extent that such Claims arose on or before February 25, 2018.

20 **7. Exemptions for Certain Taxes**

21 Pursuant to § 1146(a) of the Bankruptcy Code, any transfers of property pursuant hereto
22 shall not be subject to any stamp tax or other similar tax or governmental assessment in the United
23 States, and the Confirmation Order shall direct the appropriate state or local governmental officials
24 or agents to forgo the collection of any such tax or governmental assessment and to accept for filing
25 and recordation instruments or other documents pursuant to such transfers of property without the
26 payment of any such tax or governmental assessment. Such exemption(s) specifically applies,
27 without limitation, to all documents necessary to evidence and implement the provisions of and the
28 Distributions to be made under the Plan.

1 **8. Distribution Rights**

2 Any interest of any Holders in the Liquidating Trust, and any right to receive a Distribution
3 under the Plan, shall not be evidenced by any certificate, security, receipt, or in any other form or
4 manner whatsoever, except as maintained on the books and records of the Liquidating Trust. Further,
5 any such interests, and any right to receive a Distribution, shall be nontransferable and
6 nonassignable except by will, intestate, succession, or operation of law. Any such interests and rights
7 shall not constitute “securities” and shall not be registered pursuant to the Securities Act or the
8 Investment Company Act of 1940, as amended.

9 **9. Corporate Authority; Further Transactions**

10 (a) The entry of the Confirmation Order shall effect a ratification of the authority of the
11 Receiver to retain Nathan Cook of Teneo as an independent manager and to restate the articles of
12 organization to make the Debtor managed by a manager and not by a member.

13 (b) The entry of the Confirmation Order shall constitute authorization for the Liquidating
14 Trustee or the Debtor, as applicable, to take or cause to be taken all actions necessary or appropriate
15 to implement all provisions of, and to consummate, the Plan prior to, on, and after the Effective
16 Date and all such actions taken or caused to be taken shall be deemed to have been authorized and
17 approved by the Bankruptcy Court without further approval, act, or action.

18 (c) The Debtor or the Liquidating Trustee, as applicable, are authorized to execute,
19 deliver, file or record such contracts, instruments, releases, and other agreements or documents and
20 to take such actions as may be necessary or appropriate to effectuate and further evidence the Plan
21 and its terms.

22 (d) On the Effective Date, the operating agreement of the Debtor shall be deemed
23 amended to the extent necessary to carry out the provisions of the Plan and section 1123(a)(6) of
24 the Bankruptcy Code.

25 (e) Effective as of the Effective Date, all directors, managers, members, and officers of
26 the Debtor shall be deemed to have resigned, solely in their capacities as such, and all such
27 appointments rescinded for all purposes, without any necessity of taking any further action in
28 connection therewith. This includes Nathan Cook, who shall be deemed discharged from his duties

1 as the sole manager of the Debtor and shall have no responsibility to dissolve the Debtor or take any
2 other action to wind down its affairs.

3 (f) The Liquidating Trustee shall have all rights and powers of a trustee under the
4 Bankruptcy Code.

5 (g) From and after the Effective Date, the Liquidating Trustee shall have the full and
6 exclusive power and authority to manage the Liquidating Trust and take such actions as may be
7 necessary or appropriate, in the Liquidating Trustee's discretion, to carry out and implement the
8 terms of the Plan, without further approval of the Bankruptcy Court except as expressly set forth in
9 the Plan or in the Confirmation Order, including without limitation: (i) administering the terms of
10 the Plan, the Confirmation Order, or any order of the Court; (ii) administering the Assets, including
11 the use of the Liquidating Trust's revenues and cash; (iii) opening or closing any accounts of the
12 Debtor; (iv) making the Distributions provided for under the Plan; (v) filing motions or commencing
13 proceedings to determine the allowability, classification, and priority of Claims and interests; (vi)
14 filing, prosecuting, or compromising any Estate Claims; and (vii) filing motions or commencing
15 proceedings to seek an injunction, judgment or order, or taking any other action as may be necessary
16 or appropriate to enforce the terms of, or to restrain interference with, the Plan or the Confirmation
17 Order. Without limiting the foregoing, the Liquidating Trustee shall exercise all rights of the grantor
18 under the Original Trust agreement and the New Trust Agreement and is authorized to enter into
19 any amendment thereto; provided that no such amendment shall materially and adversely change
20 the rights or obligations of any Investor disproportionately vis-à-vis other Investors, absent the
21 consent of such affected Investor. The Liquidating Trustee may either instruct Odyssey Trust to
22 make distributions to the holders of Allowed Class 3c General Unsecured Claims as the policies
23 mature, or may elect to have Odyssey Trust transfer the death benefits to the Liquidating Trust to
24 use to make any payments required to be made under the Plan.

25 (h) Notwithstanding anything to the contrary herein, solely for purposes of applications
26 for allowance and payment of Professional Fee Claims incurred prior to the Effective Date, Nicholas
27 D. Rubin, the Chief Restructuring Officer of the Debtor, shall serve as the exclusive representative
28 of the Debtor and the Estates.

1 **F. Procedures For Resolving Disputed Claims**

2 THE BAR DATE FOR FILING A PROOF OF CLAIM IN THIS CASE BY CLAIMANTS
3 WHOSE CLAIMS WERE NOT SCHEDULED OR WERE SCHEDULED AS DISPUTED,
4 CONTINGENT OR UNLIQUIDATED WAS FEBRUARY 14, 2025, FOR CREDITORS
5 GENERALLY AND APRIL 7, 2025, FOR GOVERNMENTAL UNITS.

6 **1. General Provisions**

7 (a) Except to the extent that any Claim is Allowed under the Plan, Confirmation Order
8 or any other Final Order of the Bankruptcy Court, the Liquidating Trustee will have the authority to
9 do any of the following with respect to any Claims or Equity Interests on and after the Effective
10 Date: (i) file, withdraw or litigate to judgment any objections to Claims; (ii) settle or compromise
11 any Disputed Claim, or otherwise determine any Claim to be Allowed, without any further notice
12 to or action, order or approval by the Bankruptcy Court; or (ii) administer and adjust the Claims
13 register to reflect any such settlements or compromises without any further notice to or action, order
14 or approval by the Bankruptcy Court. The Liquidating Trustee shall succeed to any pending
15 objections to Claims or adversary proceedings filed by the Debtor or Committee prior to the
16 Effective Date and shall have and retain any and all rights and defenses the Debtor had immediately
17 prior to the Effective Date with respect to any Disputed Claim.

18 (b) Any Claim that was scheduled by the Debtor as being contingent, unliquidated or
19 disputed, and for which a Proof of Claim has not been timely filed by the applicable deadline
20 established by Final Order of the Bankruptcy Court (or for which a late filing has not been authorized
21 by Final Order), shall be deemed Disallowed for all purposes under the Plan. The Liquidating
22 Trustee shall file and serve a notice identifying any such Claims on or before the expiration of the
23 Claim Objection Deadline, as such deadline may be extended from time to time by the Bankruptcy
24 Court on motion of the Liquidating Trustee.

25 (c) All objections to Claims that are classified under the Plan must be Filed and served
26 on or before the expiration of the Claims Objection Deadline, as such deadline may be extended
27 from time to time by the Bankruptcy Court on motion of the Liquidating Trustee. The Liquidating
28 Trustee and any other party-in-interest shall have standing to file objections to Claims. Except to

1 the extent that any Claim is Allowed under the Plan, Confirmation Order or any other Final Order
2 of the Bankruptcy Court, nothing shall affect the rights or defenses of the Liquidating Trustee,
3 whether legal or equitable, with respect to any Claim, including all rights with respect to legal and
4 equitable defenses to alleged rights of setoff or recoupment.

5 (d) The Liquidating Trustee may request estimation or liquidation of any Disputed
6 Claim, including during the litigation of any objection to such Claim or during the appeal relating
7 to such objection. If the Bankruptcy Court estimates any contingent or unliquidated Claim, that
8 estimated amount shall constitute a maximum limitation on such Claim for all purposes of the Plan
9 (including for purposes of Distributions), and the Liquidating Trustee may elect to pursue any
10 supplemental proceedings to object to any ultimate Distribution on such Claim.

11 (e) The Liquidating Trustee shall have the right to request an expedited determination
12 under section 505(b) of the Bankruptcy Code with respect to tax returns filed, or to be filed, for any
13 and all taxable periods ending after the Petition Date through the Effective Date.

14 (f) Notwithstanding anything to the contrary herein, in accordance with section 510 of
15 the Bankruptcy Code, the Liquidating Trustee shall have the right to seek to subordinate and re-
16 classify any Allowed Claim as a Subordinated Claim in accordance with any contractual, legal, or
17 equitable subordination rights or defenses relating thereto.

18 **2. No Distribution Pending Allowance**

19 No Distribution shall be made on any Claim unless it has been Allowed. Notwithstanding
20 any other provision of the Plan, no Distributions shall be made with respect to all or any portion of
21 a Disputed Claim unless and until all objections to such Disputed Claim have been settled or
22 withdrawn or have been determined by Final Order, and the Disputed Claim, or some portion
23 thereof, has become an Allowed Claim. For the avoidance of doubt, unless a Claim has been
24 Allowed by entry of an order of the Court or because the deadline to object to such Claim has passed,
25 the Claim shall be deemed a Disputed Claim.

26 **3. Reserves for Disputed Claims**

27 In the event that Disputed Claims are pending at the time of a Distribution under the Plan,
28 the Liquidating Trustee shall establish and maintain a reserve for such Disputed Claims. For

1 purposes of establishing a reserve for all Disputed Claims as otherwise required herein, Cash will
2 be set aside equal to the amount that would have been distributed to the Holders of the Disputed
3 Claims had the Disputed Claims been Allowed on the date a Distribution is made to the Holders of
4 Allowed Claims in the same Class or of the same priority as the Disputed Claims. Unless otherwise
5 provided in the treatment with respect to a particular Claim, if a Disputed Claim ultimately becomes
6 an Allowed Claim, the amount of Cash reserved for that Disputed Claim shall be distributed on the
7 earlier of: (a) the Distribution Date following the date when the Disputed Claim becomes an
8 Allowed Claim, or (b) ninety (90) days after such Disputed Claim becomes an Allowed Claim. Any
9 reserved Cash not ultimately distributed to the Holder of a Disputed Claim because the Disputed
10 Claim does not become an Allowed Claim shall be returned to the Liquidating Trust.

11 **4. Claims Paid by Third Parties**

12 To the extent that any Holder of a Claim receives any recovery on account of such Claim,
13 whether before or after the Effective Date, then (i) the Holder of such Claim shall be required to,
14 within thirty (30) days of the receipt of such recovery, file an amended proof of Claim reflecting a
15 reduction of such Claim in the amount of such other recovery, and (ii) whether or not such amended
16 proof of Claim is filed, the Claim shall be deemed reduced in the amount of such other recovery
17 without an objection having to be filed and without any further notice, action, order, or approval by
18 the Bankruptcy Court, and any Distributions to which such Holder is otherwise entitled under the
19 Plan shall be adjusted accordingly.

20 **G. Distributions**

21 **1. Distributions for Claims Allowed as of the Effective Date**

22 Except as otherwise provided in the Plan, a Final Order, or as agreed to by the relevant
23 parties, the Liquidating Trustee shall make initial distributions under the Plan on account of Claims
24 Allowed before the Effective Date as soon as practicable after the Effective Date. For payments
25 due on the Effective Date, a payment shall be deemed to be made on the Effective Date if it is made
26 within ten (10) business days of the Effective Date.

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1 **2. Distributions for Claims Allowed After the Effective Date**

2 **a. Payments and Distributions on Disputed Claims**

3 Except as otherwise provided in the Plan, a Final Order or as agreed to by the relevant parties,
4 distributions under the Plan on account of a Disputed Claim that becomes an Allowed Claim after
5 the Effective Date shall be made as soon as practicable after the Disputed Claim becomes an
6 Allowed Claim.

7 **b. No Distributions to Holders of Disputed Claims**

8 Notwithstanding any provision otherwise in the Plan, and except as otherwise agreed to by
9 the relevant parties, no partial payments and no partial distributions shall be made with respect to a
10 Disputed Claim until all such disputes in connection with such Disputed Claim have been resolved
11 by settlement or Final Order. In the event that there are Disputed Claims requiring adjudication and
12 resolution, the Debtor or the Liquidating Trustee, as the case may be, shall establish appropriate
13 reserves for potential payment of such Claims.

14 **3. Delivery of Distributions; Undeliverable or Unclaimed Distributions**

15 **a. Delivery of Distributions in General**

16 Except as otherwise provided herein, the Debtor and the Liquidating Trustee, as the case
17 may be, shall make distributions to Holders of Allowed Claims at the address for each such Holder
18 as indicated on the Debtor’s records as of the date of any such distribution or any Proof of Claim
19 filed by that Holder.

20 **b. Undeliverable Distributions**

21 Distributions to Holders of Allowed Claims will be made as set forth in subsection (a) above.
22 Holders of Allowed Claims may change the address to which the distributions will be sent by filing
23 a written change of address with the Bankruptcy Court and serving a copy of the change of address
24 on the Liquidating Trustee. If a distribution is returned as undeliverable, the Liquidating Trustee
25 shall hold the distribution and shall not be required to take any further action with respect to the
26 delivery of the distribution unless and until the Liquidating Trustee is notified in writing of the then-
27 current address of the person or entity entitled to receive the distribution. Unless and until the
28 Liquidating Trustee is so notified, such distribution shall be deemed to be “Unclaimed Property”

1 and shall be dealt with in accordance with the provision below for distribution of Unclaimed
2 Property.

3 If a distribution made by check or draft is not presented for payment within six (6) months
4 of the mailing to the last known address of such Person, the distribution shall be deemed
5 nonnegotiable and treated as Unclaimed Property pursuant to the provision below.

6 **c. Distributions of Unclaimed Property**

7 If any distributions are returned to Liquidating Trustee as undeliverable, then such
8 distributions shall be deemed to be “Unclaimed Property.” Nothing contained in this Plan shall
9 require the Liquidating Trustee, or anyone else, to attempt to locate such person or entity. The
10 Unclaimed Property shall be set aside and, in the case of cash, held in a segregated account to be
11 maintained by the Liquidating Trustee. If such person or entity presents itself within six (6) months
12 of the date of the payment returned as undeliverable, then the Unclaimed Property shall be
13 distributed to such person or entity. If such person or entity does not present itself within six (6)
14 months of the date of payment returned undeliverable, then any such Unclaimed Property shall be
15 donated to the Credit Abuse Resistance Education program, which is a financial literacy outreach
16 program for students and young adults.

17 **4. Compliance with Tax Requirements/Allocations**

18 In connection with the Plan, to the extent applicable, the Liquidating Trustee shall comply
19 with all tax withholding and reporting requirements imposed on it by any governmental unit, and
20 all distributions pursuant hereto shall be subject to such withholding and reporting requirements.
21 Notwithstanding any provision in the Plan to the contrary, the Liquidating Trustee shall be
22 authorized to take all actions necessary or appropriate to comply with such withholding and
23 reporting requirements, including liquidating a portion of the distribution to be made under the Plan
24 to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending
25 receipt of information necessary to facilitate such distributions or establishing any other mechanisms
26 it believes are reasonable and appropriate.

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1 For tax purposes, distributions in full or partial satisfaction of Allowed Claims shall be
2 allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid
3 interest that accrued on such Claims.

4 **H. Treatment of Executory Contracts and Unexpired Leases**

5 **1. Assumption of Executory Contracts and Unexpired Leases**

6 The only executory contracts to which the Debtor is a party is the New Trust Agreement
7 and, to the extent not terminated prior to the Effective Date, the Original Trust agreement. The New
8 Trust Agreement will be assumed on the Effective Date and assigned to the Liquidating Trust, with
9 the Liquidating Trustee granted the power and authority under the Plan to act as the grantor. If the
10 Original Trust agreement has not yet been terminated, then that agreement will also be assumed
11 with the Liquidating Trustee granted the power and authority under the Plan to act as grantor. The
12 Debtor does not believe that there are any defaults required to be cured as a condition to assumption.
13 Any other executory contracts or unexpired leases will be rejected on the Effective Date.

14 If you are a party to either of these trust agreements and you object to the assumption of your
15 contract and/or you dispute that no cure amount is owing, then you must file and serve upon the
16 Debtor and its counsel a written objection within the deadline for objecting to the confirmation of
17 the Plan. An objection to the cure amount must also set forth the amount you contend to be the
18 correct cure amount and contain evidence to support such amount. Failure to timely file an objection
19 as provided herein shall be deemed consent to the proposed assumption, assignment, and no cure
20 amount, and a waiver of any and all rights to challenge such assumption, assignment and cure
21 amount.

22 **2. Rejection of Other Executory Contracts or Unexpired Leases**

23 On the Effective Date, the Debtor will be deemed to have rejected all other executory
24 contracts and unexpired leases not explicitly assumed and assigned under the Plan. The
25 Confirmation Order will constitute a Court order approving the rejection, as of the Effective Date,
26 of such executory contracts and unexpired leases. Any Claim for damages arising from the rejection
27 under the Plan of any executory contract or unexpired lease must be filed with the Court and served
28 upon the Liquidating Trustee and their counsel within thirty (30) days of the Confirmation Date.

1 Any such damage Claims that are not timely filed and served will be forever barred and will be
2 unenforceable against the Debtor, the Liquidating Trust, the Estate and their respective property.
3 Persons holding these Claims who fail to timely file Claims will be barred from receiving any
4 Distributions under the Plan on account of their requested damage Claims.

5 IF YOU ARE A PARTY TO A LEASE OR CONTRACT TO BE REJECTED AND YOU
6 OBJECT TO THE REJECTION OF YOUR LEASE OR CONTRACT, THEN YOU MUST FILE
7 AND SERVE YOUR OBJECTION WITHIN THE DEADLINE FOR OBJECTING TO THE
8 CONFIRMATION OF THE PLAN.

9 **I. Preservation of Causes of Action and Avoidance Actions**

10 The Plan reserves for the Liquidating Trust all rights to commence and pursue, as
11 appropriate, any and all Estate Claims, whether arising prior to or after the Petition Date, in any
12 court or other tribunal. On the Effective Date, the Liquidating Trustee is vested with authority to
13 enforce, file, litigate, prosecute, settle and collect Estate Claims, including Avoidance Actions,
14 although the Liquidating Trustee will not be required to do so unless it determines that doing so
15 would be in the best interests of Holders of Allowed Claims. Any recoveries on Estate Claims shall
16 be paid to the Liquidating Trust and be used to pay operating expenses or make Distributions on
17 account of Allowed Claims in accordance with the terms of the Plan.

18 While the Estate Claims have been defined and described herein, the failure to list any
19 potential Estate Claim or defendant, generally or specifically, is not intended to limit the rights of
20 the Liquidating Trustee to pursue any Estate Claim that is vested in such party in the Plan. No
21 Person may rely on the absence of a specific reference in the Plan to any claim or cause of action
22 against such Person as any indication that such claim has been or will be released and will not be
23 pursued by the Liquidating Trustee. All Estate Claims are Plan Assets vesting in, and being retained
24 by, the Liquidating Trust unless expressly released by the Confirmation Order or the Plan. No
25 preclusion doctrine, including, without limitation, the doctrine of res judicata, collateral estoppel,
26 issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches shall apply
27 to any Estate Claim upon or after confirmation or consummation of the Plan.

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1 **J. Retention of Jurisdiction**

2 Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective
3 Date, the Bankruptcy Court shall, after the Effective Date, retain jurisdiction over all matters arising
4 in, arising under, and related to the Case, the Debtor, the Liquidating Trust, and the Plan to the
5 fullest extent permitted by law, including, without limitation, jurisdiction and authority to:

6 (a) allow, disallow, determine, liquidate, classify, estimate or establish the priority or
7 secured or unsecured status of any Claim, including, without limitation, the resolution of any and
8 all objections to the allowance or priority of any Claim;

9 (b) grant or deny any applications for allowance of compensation or reimbursement of
10 expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before
11 the Confirmation Date;

12 (c) resolve any matters related to the assumption, assignment or rejection of any
13 Executory Contract or Unexpired Lease to which the Debtor is a party;

14 (d) resolve any issues related to any matters adjudicated in the Case;

15 (e) ensure that distributions to Holders of Allowed Claims are accomplished pursuant to
16 the provisions of the Plan;

17 (f) decide or resolve any motions, adversary proceedings, contested or litigated matters
18 and any other Estate Claims that are pending as of the Effective Date or that may be commenced in
19 the future, provided that the Liquidating Trustee shall reserve the right to commence actions in all
20 appropriate forums and jurisdictions;

21 (g) enter such orders as may be necessary or appropriate to implement or consummate
22 the provisions of the Plan and all other contracts, instruments, releases, indentures and other
23 agreements or documents adopted in connection with the Plan;

24 (h) resolve any cases, controversies, suits or disputes that may arise in connection with
25 the consummation, interpretation or enforcement of the Plan or any entity's obligations incurred in
26 connection with the Plan;

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1 (i) issue injunctions and enforce them, enter and implement other orders or take such
2 other actions as may be necessary or appropriate to restrain interference by any entity with
3 consummation or enforcement of the Plan, except as otherwise provided in the Plan;

4 (j) enforce the terms of the Plan;

5 (k) enter and implement such orders or take such others actions as may be necessary or
6 appropriate if the Confirmation Order is modified, stayed, reversed, revoked or vacated;

7 (l) resolve any other matters that may arise in connection with or relate to the Plan, the
8 Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or
9 other agreement or document adopted in connection with the Plan; and

10 (m) enter an order concluding the Cases.

11

12 **IV. CONFIRMATION REQUIREMENTS AND PROCEDURES**

13 PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OF THE PLAN
14 SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAWS ON
15 CONFIRMING A PLAN OF REORGANIZATION ARE COMPLEX. The following discussion is
16 intended solely for the purpose of alerting readers about basic confirmation issues that they may
17 wish to consider. The Debtor CANNOT and DOES NOT represent that the discussion contained
18 below is a complete summary of the law on this topic.

19 The Bankruptcy Court will confirm the Plan only if it meets all the applicable requirements
20 of section 1129 of the Bankruptcy Code. Many of these requirements are designed to protect the
21 interests of Holders of Claims or Equity Interests who are not entitled to vote on the Plan, or do not
22 vote to accept the Plan, but who will be bound by the provisions of the Plan if it is confirmed by the
23 Bankruptcy Court. Among other requirements, the Bankruptcy Court must find that: (i) the Plan
24 has classified Claims and Equity Interests in a permissible manner; (ii) the Plan complies with the
25 requirements of Chapter 11 of the Bankruptcy Code; (iii) the Plan has been proposed in good faith;
26 and (iv) is in the best interests of all Holders who are impaired by the Plan and have not accepted
27 the Plan. The Plan must also (a) be accepted by all impaired Classes or, if rejected by an impaired
28

1 Class, the Plan must not “discriminate unfairly” against, and be “fair and equitable” with respect to,
2 such Class; and (b) be feasible.

3 **A. Who May Vote on or Object to the Plan**

4 Any party in interest may object to the confirmation of the Plan, but not everyone is entitled to vote
5 on the Plan. A creditor or interest holder has a right to vote for or against the Plan if that creditor or
6 interest holder has a claim or interest which meets the following criteria: (1) is Allowed or allowed
7 for voting purposes and not a Disputed Claim, (2) is impaired under the Plan, and (3) is entitled to
8 receive or retain some property on account of its Claim.

9 **B. What Is an Impaired Claim or Interest**

10 As noted above, the Holders may vote their Claims only to the extent such Claim is in a
11 Class that is impaired by the plan, which occurs when the legal, equitable, or contractual rights of
12 such Claim are altered by the Plan.

13 The Debtor believes that Classes 3, 4 and 5 are impaired under the Plan and are therefore
14 entitled to vote to accept or reject the Plan. Holders of Claims in more than one Class may be
15 entitled to submit ballots and vote in each such Class. Parties who dispute the Debtor’s classification
16 of their Claims or interests, or the characterization of their Claims or interests as being impaired or
17 unimpaired, may file an objection to the Plan contending that the Debtor has incorrectly classified
18 such Claim or interest or has incorrectly characterized the Class, or may file a Motion pursuant to
19 Bankruptcy Rule 3018 to temporarily allow their Claim or interest in a particular Class or amount
20 solely for voting purposes.

21 **C. Who Is Not Entitled to Vote**

22 The following four types of claims are not entitled to vote: (1) Claims that are not Allowed;
23 (2) Claims in unimpaired classes; (3) Claims entitled to priority pursuant to sections 507(a)(1),
24 (a)(2), and (a)(8) of the Bankruptcy Code; (4) Disputed Claims; and (5) Claims in Classes that do
25 not receive or retain any value under the Plan. Claims in unimpaired classes are not entitled to vote
26 because such classes are deemed to have accepted the Plan. Claims entitled to priority pursuant to
27 sections 507(a)(1), (a)(2), and (a)(7) of the Bankruptcy Code are not entitled to vote because such
28 Claims are not placed in Classes and they are required to receive certain treatment specified by the

1 Bankruptcy Code. Claims in Classes that do not receive or retain any value under the Plan do not
2 vote because such Classes are deemed to have rejected the Plan. EVEN IF YOUR CLAIM IS OF
3 THE TYPE NOT ENTITLED TO VOTE, YOU MAY STILL HAVE A RIGHT TO OBJECT TO
4 THE CONFIRMATION OF THE PLAN.

5 **D. Votes Necessary to Confirm the Plan**

6 The Bankruptcy Court cannot confirm the Plan unless (1) all impaired Classes have voted to
7 accept the Plan, or (2) at least one impaired Class has accepted the Plan, without counting the votes
8 of any Insiders within that Class, and the Plan satisfies the requirements of section 1129(b) of the
9 Bankruptcy Code, in a procedure commonly known as “cramdown,” with respect to each impaired
10 class that has not accepted the Plan. Cramdown allows for the Plan to be confirmed if it does not
11 “discriminate unfairly” and is “fair and equitable” with respect to each Class that is impaired under,
12 and has not accepted, the plan. *See* 11 U.S.C. § 1129(b). The Debtor intend to pursue confirmation
13 of the Plan by cramdown.

14 **1. Votes Necessary for a Class to Accept the Plan**

15 A Class of Claims is considered to have accepted the Plan when more than one-half (1/2) in
16 number and at least two-thirds (2/3) in dollar amount of the Claims which actually voted, voted in
17 favor of the Plan. A Class of Interests is considered to have accepted the Plan when at least two-
18 thirds (2/3) in amount of the Interest Holders of such Class which actually voted, voted to accept
19 the Plan.

20 **2. Cramdown Requirements**

21 (a) Under section 1129(b)(1) of the Bankruptcy Code, a plan does not “discriminate
22 unfairly” if (a) the legal rights of a nonaccepting class are treated in a manner that is consistent with
23 the treatment of other classes whose legal rights are similar to those of the nonaccepting class and
24 (b) no class receives payments in excess of that which it is legally entitled to receive for its claims
25 or interests. The test does not require that the treatment be the same or equivalent, but that such
26 treatment be “fair,” and the Bankruptcy Code allows wide latitude for separately classifying and
27 treating claims of the same priority based on, among other factors, the differing factual or legal
28 nature or attributes of the claims or their holders. In general, courts consider whether a plan

1 discriminates unfairly in its treatment of classes of claims of equal rank (e.g., classes of the same
2 legal character). The Debtor believes that the proposed classification and treatment of all Classes
3 under the Plan does not discriminate unfairly against any Class.

4 (b) The “fair and equitable” test under section 1129(b)(1) and (2) of the Bankruptcy
5 Code applies to classes of different priority and status, and includes the general requirement that no
6 class of claims receive more than 100% of the amount of the allowed claims in such class. To
7 determine whether a plan is “fair and equitable,” the Bankruptcy Code establishes tests for secured
8 creditors, unsecured creditors and equity holders:

- 9 • For secured Claims, a plan is “fair and equitable” with respect to a non-accepting
10 class if either (i) each holder of an impaired secured claim retains its liens securing
11 its secured claim and receives on account of its secured claim deferred cash payments
12 having a present value equal to the amount of its allowed secured claim, (ii) each
13 impaired secured creditor realizes the “indubitable equivalent” of its allowed secured
14 claim, or (iii) the property securing the claim is sold free and clear of liens, with such
15 liens attaching to the proceeds of the sale and the treatment of such liens on proceeds
16 is as provided in clauses (i) or (ii) above. *See* 11 U.S.C. § 1129(b)(2)(A).
- 17 • For unsecured Claims, a plan is “fair and equitable” with respect to a non-accepting
18 class if either: (i) the plan provides that each holder of a claim in such class receive
19 or retain on account of such claim property of a value, as of the effective date of the
20 plan, equal to the allowed amount of such claim; or (ii) the holders of claims and
21 equity interests that are junior to the claims of the dissenting class will not receive or
22 retain any property under the plan. *See* 11 U.S.C. § 1129(b)(2)(B).
- 23 • For equity interests, a plan is “fair and equitable” with respect to a non-accepting
24 class if: (i) the plan provides that each holder of an interest in such class receive or
25 retain on account of such interest property of a value, as of the effective date of the
26 plan, equal to the greatest of the allowed amount of any fixed liquidation preference
27 to which such holder is entitled, any fixed redemption price to which such holder is
28 entitled, or the value of such interest; or (ii) the holder of any interest that is junior

1 to the interests of such class will not receive or retain under the plan on account of
2 such junior interest any property. *See* 11 U.S.C. § 1129(b)(2)(C).

3 The Debtor believes that the Plan satisfies the “fair and equitable” requirement because, for
4 each impaired Class that has not accepted the Plan, there is no Class of equal priority receiving more
5 favorable treatment and no Class that is junior to such dissenting Class that will receive or retain
6 any property on account of the Claims or Interests in such Class.

7 **E. Liquidation Analysis**

8 Even if a plan is accepted by all voting classes, the Bankruptcy Code requires a court to
9 determine that such plan is in the best interests of all holders of claims or interests that are impaired
10 by that plan and that have not accepted the plan. Under that test, as set forth in section 1129(a)(7)
11 of the Bankruptcy Code, if a claimant or interest holder of the Debtor is in an impaired class and
12 that claimant or interest holder does not vote to accept the Plan, then that claimant or interest holder
13 must receive or retain under the Plan property of a value not less than the amount that such holder
14 would receive or retain if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code.

15 In a Chapter 7 case, the debtor’s assets are usually sold by a Chapter 7 trustee. Secured
16 creditors are paid first from the proceeds of the sales of properties on which those creditors have
17 liens. Administrative claims are paid next. Next, unsecured creditors are paid from any remaining
18 sales proceeds, according to their rights to priority. Unsecured creditors with the same priority share
19 in proportion to the amount of their allowed claim in relationship to the amount of total allowed
20 unsecured claims. Finally, interest holders receive the balance that remains after all creditors are
21 paid, if any.

22 The Plan results in more value to creditors than a Chapter 7 liquidation for multiple reasons.
23 The primary reason is that a chapter 7 trustee would not continue to invoice the beneficiaries of the
24 New Trust until all of the Life Settlement Policies matured and would instead be expected to utilize
25 the Debtor’s grantor interest in the New Trust to liquidate the portfolio of Life Settlement Policies
26 or let the Life Settlement Policies lapse, either of which harms those with Active Positions. In
27 addition, the Distributions through the Plan will be more efficient and less costly than the liquidation
28 of such assets in a Chapter 7, which would result in a trustee unfamiliar with this Case and the Plan

1 Assets, and a new set of professionals representing such trustee. The Debtor submits that this lack
2 of familiarity with the Plan Assets, and the Life Settlement Policies in particular, would result in a
3 substantial loss of value. The appointment of a trustee and their retention of new professionals could
4 delay any distributions and would result in an additional layer of administrative expenses. Greater
5 administrative expenses, in turn, would further reduce the amount available to pay the Holders of
6 Allowed Claims.

7 An analysis of recoveries, costs and recoveries under a Plan and a hypothetical chapter 7
8 liquidation (the “**Liquidation Analysis**”) is attached as **Exhibit “3.”** As set forth above and therein,
9 the Holders of Allowed Claims will not receive less under the Plan than in a hypothetical chapter 7
10 liquidation, and therefore the Plan complies with section 1129(a)(7) of the Bankruptcy Code.

11 **F. Feasibility**

12 Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a chapter 11 plan
13 not be likely to be followed by the liquidation, or the need for further financial reorganization, of
14 the Debtor or any successor to the Debtor (unless such liquidation or reorganization is proposed in
15 the Plan). In general, the Plan requires payments on or shortly after the Effective Date only as
16 necessary to satisfy Administrative Claims and Priority Tax Claims, with all other Distributions to
17 be made as and when practicable. The Debtor, with the assistance of its professionals, has analyzed
18 the Plan Assets and believes that there will be sufficient Cash and other assets to fund all required
19 payments or Distributions, to prosecute the Estate Claims as appropriate, and generally to
20 accomplish the Plan. Therefore, the Debtor believes that the Plan satisfies the feasibility
21 requirements of the Bankruptcy Code.

22 **G. Conditions Precedent to Confirmation or Effectiveness**

23 The following are conditions precedent to the confirmation of the Plan or the occurrence of
24 the Effective Date, each of which may be waived, in whole or in part, upon agreement by the Debtor
25 and Liquidating Trustee:

26 (a) The Bankruptcy Court shall have entered a Final Order, in form and substance
27 reasonably acceptable to the Debtor, approving the Disclosure Statement as containing adequate
28 information within the meaning of section 1125 of the Bankruptcy Code.

1 (b) The Confirmation Order shall have become a Final Order and shall be in form and
2 substance reasonably acceptable to the Debtor and the Liquidating Trustee.

3

4 **V. EFFECT OF CONFIRMATION OF THE PLAN; OTHER PROVISIONS**

5 **1. Binding Nature of Plan**

6 CONFIRMATION OF THE PLAN SHALL BIND ALL HOLDERS OF CLAIMS AND
7 INTERESTS TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW,
8 NOTWITHSTANDING WHETHER OR NOT SUCH HOLDER (I) WILL RECEIVE OR RETAIN
9 ANY PROPERTY OR INTEREST IN PROPERTY UNDER THE PLAN, (II) HAS FILED A
10 PROOF OF CLAIM OR INTEREST IN THE BANKRUPTCY CASES OR (III) FAILED TO
11 VOTE TO ACCEPT OR REJECT THE PLAN OR VOTED TO REJECT THE PLAN.

12 **2. Discharge**

13 Because this is a liquidating Plan, the Debtor will not receive a discharge upon the entry of
14 the Confirmation Order.

15 **3. Injunction**

16 All Persons or entities who have held, hold, or may hold Claims (other than Claims that are
17 unimpaired under the Plan), and all other parties in interest in the Case, along with their respective
18 current and former employees, agents, officers, directors, principals, and direct and indirect
19 affiliates, are permanently enjoined, from and after the Effective Date, from, in respect of any Claim
20 or cause of action treated, discharged, released, or settled under the Plan, (i) commencing,
21 conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding
22 of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative, or
23 other forum) on account of such Claim or cause of action or against the Liquidating Trust or the
24 Plan Assets; (ii) enforcing, levying, attaching, collecting, or otherwise recovering by any manner or
25 means, whether directly or indirectly, of any judgment, award, decree, or order against the
26 Liquidating Trust or the Plan Assets; (iii) creating, perfecting, or enforcing in any manner, directly
27 or indirectly, any encumbrance of any kind against the Liquidating Trust or the Plan Assets; (iv)
28 asserting any right of setoff, subrogation, or recoupment of any kind, against any obligation due

1 from the Liquidating Trust or the Plan Assets on account of such Claims; (v) commencing or
2 continuing in any manner any action or other proceeding of any kind on account of, in connection
3 with, or with respect to any such Claims released or settled pursuant to the Plan; or (vi) taking any
4 act to obtain possession or collect from Plan Assets; provided, however, that nothing contained
5 herein shall preclude such entities from exercising their rights pursuant to and consistent with the
6 terms of the Plan.

7 **4. Exculpation**

8 The Exculpated Parties will neither have nor incur any liability to any Entity for any act or
9 omission occurring on or after the Petition Date and prior to or on the Effective Date in connection
10 with, concerning or relating to the Case or the Plan, including any act or omission relating to (i) the
11 negotiation or approval of any agreements or pleadings that were either filed with the Bankruptcy
12 Court or otherwise relating to the Case or the Plan, (ii) the formulating, negotiating, preparing,
13 disseminating, implementing, administering, or effecting of the Plan, or (iii) soliciting or seeking
14 confirmation of the Plan; provided, however, that the foregoing provisions will have no effect on
15 the liability of any Entity that results from any such act or omission that is determined by a Final
16 Order of the Bankruptcy Court or other court of competent jurisdiction to constitute gross
17 negligence, bad faith, willful misconduct, or professional negligence.

18 **5. Limitation of Liability**

19 To the greatest extent permitted by law, neither the Liquidating Trustee, the Debtor, the
20 Estate, the Committee, nor any of their employees, officers, directors, shareholders, agents,
21 members, representatives, or the professionals employed or retained by any of them, whether or not
22 by Court order, shall have or incur any liability to any person or entity for any act taken or omission
23 made in good faith from the Petition Date and prior to or on the Effective Date in connection with
24 or related to the formulation and implementation of the Plan, Disclosure Statement or a contract,
25 instrument, release or other agreement or document created in connection therewith, the solicitation
26 of acceptances for or confirmation of the Plan, for the consummation and implementation of the
27 Plan and the transactions contemplated therein; provided however that the foregoing exculpation
28 shall not extend to any act or omission constituting fraud, willful misconduct, gross negligence, or

1 professional negligence by the foregoing parties. Each of the exculpated persons set forth in this
2 Section shall in all respects be entitled to reasonably rely on the advice of counsel with respect to
3 its duties and responsibilities under the Plan. Notwithstanding the foregoing, nothing contained in
4 this Plan shall effectuate a exculpation, release, or injunction in favor of the Debtor's members, alter
5 egos, or the professionals retained by them prepetition.

6 **6. Amendment or Modification of the Plan**

7 The Debtor may amend or modify the Plan at any time prior to the entry of the Confirmation
8 Order, or after entry of the Confirmation Order upon notice and a hearing, provided that the Plan,
9 as amended or modified, satisfies all applicable Bankruptcy Code requirements for confirmation
10 and for disclosure statement purposes and does not materially and adversely change the treatment
11 of any Class. Any Holder of a Claim that has voted to accept the Plan shall be deemed to have
12 accepted the Plan as amended or modified, if the proposed amendment or modification does not
13 materially and adversely change the treatment of the Claim of such Holder, unless the Bankruptcy
14 Court orders otherwise.

15 **7. Controlling Interpretation**

16 The Plan shall control in the event of any inconsistency with the Disclosure Statement or
17 any Exhibit, and the Confirmation Order shall control in the event of any inconsistency with the
18 Plan, or any other agreement, exhibit or document.

19 **8. Submission of Post-Confirmation Reports**

20 Within 120 days of the entry of the Confirmation Order, the Liquidating Trustee shall file a
21 status report with the Bankruptcy Court explaining what progress has been made toward
22 consummation of the confirmed Plan. The status report shall be served on each of the following or
23 their counsel via notice of electronic filing: (a) the OUST; and (b) and such parties that receive
24 notice of electronic filings in the Chapter 11 Cases. Further status reports shall be filed every 120
25 days and served on the same entities.

26 **9. Quarterly Fees**

27 Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) prior to confirmation shall be paid to
28 the OUST on or before the Effective Date. Quarterly fees accruing under 28 U.S.C. § 1930(a)(6)

1 after confirmation shall be paid to the OUST by the Liquidating Trustee until a final decree, or the
2 entry of an order dismissing the Case or converting the Case to Chapter 7, at the rate in effect at the
3 time such fees are due.

4 **10. Post-Confirmation Conversion/Dismissal**

5 After the Plan is confirmed, a creditor or party in interest may bring a Motion, only after
6 notice and a hearing, to convert or dismiss the Chapter 11 Case under Bankruptcy Code section
7 1112(b). If the Bankruptcy Court orders the Chapter 11 Case converted to Chapter 7 after the Plan
8 is confirmed, then all Plan Assets that have not been distributed under the Plan will revert in the
9 Chapter 7 estate. The automatic stay will be reimposed upon the revested property only to the extent
10 that relief from stay was not previously authorized by the Bankruptcy Court during the Chapter 11
11 Case.

12 The Confirmation Order may also be revoked under very limited circumstances. The
13 Bankruptcy Court may revoke the Confirmation Order if it was procured by fraud and if a party in
14 interest brings an adversary proceeding to revoke the confirmation within 180 days after the entry
15 of the Confirmation Order.

16

17 **VI. RISK FACTORS REGARDING THE PLAN**

18 THE PLAN AND ITS IMPLEMENTATION ARE SUBJECT TO CERTAIN RISKS,
19 INCLUDING THE RISK FACTORS SET FORTH HEREIN. HOLDERS OF CLAIMS WHO ARE
20 ENTITLED TO VOTE ON THE PLAN SHOULD READ AND CAREFULLY CONSIDER
21 THESE RISK FACTORS, AS WELL AS THE OTHER INFORMATION SET FORTH IN
22 THE PLAN AND THE DOCUMENTS DELIVERED TOGETHER HERewith OR REFERRED
23 TO OR INCORPORATED BY REFERENCE HEREIN, BEFORE DECIDING WHETHER TO
24 VOTE TO ACCEPT OR REJECT THE PLAN. FURTHER, THESE RISK FACTORS SHOULD
25 NOT BE REGARDED AS THE ONLY RISKS ASSOCIATED WITH THE PLAN AND ITS
26 IMPLEMENTATION.

27

28

1 **1. The Plan May Not Be Accepted**

2 There can be no assurances that the requisite acceptances to confirm the Plan will be
3 received, and the Debtor would then need to solicit acceptances to an alternative plan of liquidation,
4 or otherwise be forced into liquidation under chapter 7 of the Bankruptcy Code. There can be no
5 assurance that any such alternative plan or process would yield results similar to or as favorable to
6 Holders of Allowed Claims as those proposed in the Plan.

7 **2. The Plan May Not Be Confirmed**

8 Even if the Debtor receives the requisite acceptances, there is no assurance that the
9 Bankruptcy Court, which may exercise substantial discretion as a court of equity, will confirm the
10 Plan or find that the Disclosure Statement contains adequate information and otherwise complies
11 with the Bankruptcy Code. Even if the Bankruptcy Court determined that the Plan, Disclosure
12 Statement, and balloting procedures and results were appropriate, the Bankruptcy Court could still
13 decline to confirm the Plan if it finds that any of the statutory requirements for confirmation had not
14 been met, including but not limited to the requirements for cramdown under section 1129(b) of the
15 Bankruptcy Code. Such events could materially delay any Distributions and/or increase the
16 attendant administrative costs such that recoveries on Allowed Claims may be reduced. Moreover,
17 there can be no assurance that modifications to the Plan will not be required for confirmation or that
18 such modifications would not necessitate the re-solicitation of votes. If the Plan is not confirmed, it
19 is unclear what Distributions would ultimately be received by voting creditors with respect to their
20 Claims in a subsequent plan or process.

21 **3. The Plan May Require Modification**

22 To the extent that the Bankruptcy Court finds that a different classification of Claims and
23 Interests is required for the Plan to be confirmed, the Debtor may seek to (a) modify the Plan to
24 provide for whatever classification might be required for confirmation and (b) use the acceptances
25 received from any Holder of Claims pursuant to this solicitation for the purpose of obtaining the
26 approval of the Class or Classes of which such Holder ultimately is deemed to be a member. Any
27 such reclassification of Claims, although subject to the notice and hearing requirements of the
28 Bankruptcy Code, could adversely affect the Class in which such Holder was initially a member, or

1 any other Class under the Plan, by changing the composition of such Class and the vote required for
2 approval of the Plan. There can be no assurance that the Bankruptcy Court, after finding that a
3 classification was inappropriate and requiring a reclassification, would approve the Plan based upon
4 such reclassification. Except to the extent that modification of classification in the Plan requires
5 resolicitation, the Debtor will, in accordance with the Bankruptcy Code and the Bankruptcy Rules,
6 seek a determination by the Bankruptcy Court that acceptance of the Plan by any Holder of Claims
7 pursuant to this solicitation will constitute a consent to the Plan's treatment of such Holder,
8 regardless of the Class as to which such Holder is ultimately deemed to be a member. The Debtor
9 believe that under the Bankruptcy Rules, they would be required to resolicit votes for or against the
10 Plan only when a modification materially and adversely affects the treatment of the Claim or Interest
11 of any Holder. To the extent that the Bankruptcy Court finds that the Plan does not satisfy the
12 requirement that the Plan provide the same treatment for each Claim or Interest of a particular Class
13 unless the Holder of a particular Claim or Interest agrees to a less favorable treatment of its Claim
14 or Interest, the Bankruptcy Court could deny confirmation of the Plan. Issues of disputes relating to
15 classification and/or treatment could result in a delay in the confirmation of the Plan and could
16 increase the risk that the Plan will not be consummated.

17 **4. The Plan May Not Be Consummated**

18 The Plan provides for certain conditions that must be satisfied (or waived) prior to
19 confirmation and for certain other conditions that must be satisfied (or waived) prior to the Effective
20 Date. As of the date of the Plan, there can be no assurance that any or all of the conditions in the
21 Plan will be satisfied (or waived). Accordingly, there can be no assurance that the Plan will be
22 confirmed by the Bankruptcy Court. Further, if the Plan is confirmed, there can be no assurance
23 that the Plan will go effective.

24 **5. Distributions Under the Plan May Materially Differ From Projections**

25 Projected Distributions are based upon good faith estimates of the total amount of Claims
26 ultimately Allowed and of the funds that will be available for Distribution. The estimated amounts
27 of Allowed Claims are based on certain assumptions with respect to a variety of factors, and there
28 can be no assurance that the estimated Claim amounts set forth herein are correct. Further, the

1 estimates of the funds available for Distribution may prove incorrect. The assets that will serve as
2 the source of funding for Distributions on General Unsecured Claims consist of the Estate Claims
3 and the Debtor's interests in the Life Settlement Policies. The Liquidating Trustee must successfully
4 prosecute the Estate Claims, whether to a litigated verdict or to settlement, in order to fund
5 Distributions from such assets, and the cost of such litigation, and the amount and timing of
6 recoveries from any such litigation, is inherently subject to substantial uncertainty. Further, the Life
7 Settlement Policies must deliver a payout (or be sold) in order for any Distribution to be possible
8 from those assets, and the amount and timing for any such amounts is inherently subject to
9 substantial uncertainty. Accordingly, both the actual amount of Allowed Claims in a particular
10 Class and the funds available for Distribution to such Class may materially differ from the Debtor's
11 estimates. If the total amount of Allowed Claims in a Class is higher than the Debtor's estimates, or
12 the funds available for Distribution to such Class are lower than the Debtor's estimates, the
13 percentage recovery to Holders of Allowed Claims in such Class will be less than projected. **FOR**
14 **THE AVOIDANCE OF DOUBT, THE AMOUNT AND TIMING OF ANY DISTRIBUTIONS**
15 **UNDER THE PLAN ON GENERAL UNSECURED CLAIMS WILL DEPEND ON (A) THE**
16 **OUTCOME OF LITIGATION OF THE ESTATE CLAIMS, AND (B) THE**
17 **PERFORMANCE OF THE LIFE SETTLEMENT POLICIES.**

18 **6. The Plan Assets May Not Be Sufficient**

19 There is no assurance that the Plan Assets will be sufficient, or will provide sufficient
20 liquidity, to fund the expenses of the Liquidating Trust and litigate the Estate Claims, and ultimately
21 to monetize such assets as contemplated by the Plan. Accordingly, there is no assurance that the
22 Liquidating Trust will make any Distributions on Allowed General Unsecured Claims, or the
23 amount or the timing on which such Distributions may be made

24 **VII. TAX CONSEQUENCES OF THE PLAN**

25 There are a number of material tax considerations for any Holder in evaluating the Plan, and
26 many of these tax considerations present potentially material risks. The discussion herein of any tax
27 consequences is not tax advice. It is provided for informational purposes only and, due to lack of
28 definitive judicial or administrative authority or interpretation, is subject to substantial uncertainties.

1 No opinion of counsel has been sought or obtained with respect to any tax considerations or
2 tax consequences of the Plan, and no tax opinion is being given in the Plan. No rulings or
3 determinations of the IRS or any other tax authorities have been obtained or sought with respect to
4 any tax consequences of the Plan, and the discussion below is not binding upon the IRS or any other
5 authorities. No representations are being made regarding the particular tax consequences of the
6 confirmation and consummation of the Plan. No assurance can be given that the IRS would not
7 assert, or that a court would not sustain, a different position from any discussed herein.

8 Any Holder may be liable for taxes on Distributions and may be deemed to have received
9 Distributions without having received any Distribution in Cash. The tax treatment of Holders of
10 Claims and the character, amount and timing of income, gain, or loss recognized as a consequence
11 of the Plan can vary depending on multiple factors, including but not limited to the following: (i)
12 whether the Claim or portion thereof constitutes a Claim for principal or interest; (ii) the type of
13 consideration, if any, received by the Holder in exchange for the Claim, and whether the Holder
14 receives Distributions under the Plan in more than one tax year; (iii) whether the Holder is a citizen
15 or resident of the United States for tax purposes, is otherwise subject to U.S. federal income tax on
16 a net basis, or falls into any special class of taxpayers, such as those that are excluded from this
17 discussion as noted above; (iv) the manner in which the Holder acquired the Claim; (v) the length
18 of time that the Claim has been held; (vi) whether the Claim was acquired at a discount; (vii) whether
19 the Holder has taken a bad debt deduction or a worthless securities deduction (as applicable) with
20 respect to the Claim or any portion thereof in the current or prior taxable years; (viii) whether the
21 Holder has previously included in gross income accrued but unpaid interest with respect to the
22 Claim; (ix) the method of tax accounting of the Holder; (x) whether the Claim is an installment
23 obligation for U.S. federal income tax purposes; (xi) whether the Claim is considered a “security”
24 for U.S. federal income tax purposes; and/or (xii) whether the “market discount” rules apply to the
25 Holder. Furthermore, it is possible that the Debtor may incur tax penalties or obligations that
26 materially reduce Distributions to Holders of Allowed Claim. While the Debtor may have sufficient
27 tax attributes, including net operating losses, to avoid incurring a material cash liability, such result
28

1 cannot be guaranteed at this time and may materially impact the outcome of the Plan for some or all
2 Creditors.

3 The Debtor believes that it would be prohibitively expensive, unduly burdensome, and an
4 inefficient use of the assets of the Estate to obtain conclusive tax guidance on such questions at this
5 time. The Debtor therefore urges each Holder of a Claim or Interest to consult its own tax advisor
6 regarding the federal, state, and other tax consequences of the Plan.

7 The discussion of the U.S. federal income tax consequences herein is based on the U.S. Tax
8 Code, Treasury Regulations promulgated and proposed thereunder, judicial decisions, and
9 administrative rulings and pronouncements of the IRS and other applicable authorities, all as in
10 effect on the date hereof. Legislative, judicial, or administrative changes or interpretations enacted
11 or promulgated in the future could alter or modify the analyses and considerations herein. It cannot
12 be predicted at this time whether any tax legislation will be enacted or, if enacted, whether any tax
13 law changes contained therein would affect the tax consequences to the Holders of Claims. Any
14 such changes or interpretations may be retroactive and could significantly affect the U.S. federal
15 income tax consequences for the Debtor, the Liquidating Trust, Holders, and the Plan generally.

16 THIS DISCUSSION DOES NOT ADDRESS FOREIGN, STATE, OR LOCAL TAX
17 CONSEQUENCES OF THE PLAN, NOR DOES IT PURPORT TO ADDRESS THE U.S.
18 FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO SPECIAL CLASSES OF
19 TAXPAYERS (SUCH AS FOREIGN ENTITIES, NONRESIDENT ALIEN INDIVIDUALS,
20 PASS-THROUGH ENTITIES SUCH AS PARTNERSHIPS AND HOLDERS THROUGH SUCH
21 PASS-THROUGH ENTITIES, S-CORPORATIONS, MUTUAL FUNDS, INSURANCE
22 COMPANIES, FINANCIAL INSTITUTIONS, SMALL BUSINESS INVESTMENT
23 COMPANIES, REGULATED INVESTMENT COMPANIES, CERTAIN SECURITIES
24 TRADERS, BROKER-DEALERS, AND TAX-EXEMPT ORGANIZATIONS).
25 FURTHERMORE, ESTATE AND GIFT TAX ISSUES ARE NOT ADDRESSED HEREIN, AND
26 TAX CONSEQUENCES RELATING TO THE ALTERNATIVE MINIMUM TAX ARE NOT
27 DISCUSSED HEREIN.

28

1 THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE
2 COMPLEX. NOTHING HEREIN SHALL CONSTITUTE TAX ADVICE. THE TAX
3 CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON
4 A HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED
5 TO CONSULT THEIR TAX ADVISORS ABOUT THE UNITED STATES FEDERAL, STATE
6 AND LOCAL, AND APPLICABLE FOREIGN INCOME AND OTHER TAX CONSEQUENCES
7 OF THE PLAN AND OF THE TRANSACTIONS DESCRIBED HEREIN.

8

9 **VIII. CONCLUSION**

10 The Debtor believes that the Plan is in the best interests of all stakeholders and urges all
11 eligible Holders of Allowed Claims to vote in favor of the Plan.

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DATED: October 10, 2025

RAINES FELDMAN LITRELL LLP

15

By: /s/ Kyra E. Andrassy
HAMID R. RAFATJOO
KYRA E. ANDRASSY
Counsel for Reliant Life Shares, LLC, Debtor and
Debtor-In-Possession

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1 **TABLE OF DEFINITIONS**

2 **A. Definitions**

3 The following defined terms are used in the Disclosure Statement and in the Plan. Any
4 capitalized term that is not defined herein, but that is defined in the Bankruptcy Code or in the
5 Bankruptcy Rules shall have the meaning ascribed that term in the Bankruptcy Code or the
6 Bankruptcy Rules.

7 “Accounts Receivable” means all rights of the Debtor or the Estate, including all rights as
8 the grantor under the Original Trust agreement or the New Trust Agreement, on its own behalf or
9 on behalf of the Original Trust trustee or the New Trustee, to demand or collect payment from
10 Investors of premiums, expenses, or other obligations relating to the preservation or maintenance of
11 the Life Settlement Policies, and any claim, remedy or other right relating to the foregoing, including
12 but not limited to the right to compel payment or turnover of any such amounts collected or received
13 by the Original Trust trustee to the New Trustee.

14 “Active Positions” means an interest in the Original Trust or the New Trust that is held by
15 Investors who have paid and who continue to pay their pro rata share of premiums and their
16 administrative expense fees on a timely basis.

17 “Administrative Claim” means any Claim for costs and expenses of administering the Case
18 or preserving the Estate allowed and entitled to priority under section 503(b) or section 507(a)(2) of
19 the Bankruptcy Code, including, without limitation, any Professional Fee Claim and any fees or
20 charges asserted against the Estate under 28 U.S.C. § 1930.

21 “Allowed” means a Claim that is either (a) listed in the Schedules filed with the Bankruptcy
22 Court by the Debtor and not listed as disputed, contingent, unliquidated or unknown as to amount
23 and as to which no timely objection has been filed; or (b) with respect to which a proof of claim has
24 been filed by the Claims Bar Date, and as to which wither (i) no objection or motion to estimate was
25 filed within the time period fixed by the Bankruptcy Code, the Bankruptcy Rules, the Plan or order
26 of the Bankruptcy Court, or (ii) any such objection has been determined with the Claim being
27 allowed by a Final Order. The amount of an Allowed Claim shall be as follows: (a) if the creditor
28 did not file a proof of claim with the Bankruptcy Court on or before the Claims Bar Date, (1) the

1 amount of the creditor’s Claim as listed in the operative Schedules as not disputed, contingent,
2 unliquidated or unknown, or (2) the amount fixed by Final Order of the Bankruptcy Court in
3 resolving any timely filed objection or other motion disputing the amount of such Claim; or (b) if
4 the creditor filed a proof of claim with the Bankruptcy Court on or before the Claims Bar Date and
5 the claim is not a Contingent Claim, (1) the amount stated in such proof of claim if no objection to
6 such proof of claim was filed within the time period fixed by the Bankruptcy Code, the Bankruptcy
7 Rules, the Plan or order of the Bankruptcy Court, or (2) the amount thereof as fixed by a Final Order
8 of the Bankruptcy Court if an objection to such proof of claim was filed within the time period fixed
9 by the Bankruptcy Code, the Bankruptcy Rules, the Plan or order of the Bankruptcy Court. Any
10 Claim for which a proof of claim is not filed by the Claims Bar Date and that is not listed in the
11 Schedules or is listed in the Schedules as disputed, unliquidated, contingent or unknown shall be
12 zero, and no distribution shall be made on account of such Claim. An Allowed Claim shall not
13 include any unmatured or post-petition interest unless otherwise stated in the Plan. Notwithstanding
14 anything to the contrary in the Plan, a Disputed Claim shall not be deemed Allowed unless and until
15 such objection has been resolved by agreement or by Final Order. For the avoidance of doubt,
16 Claims or Interests allowed solely for the purpose of voting to accept or reject the Plan pursuant to
17 an order of the Bankruptcy Court shall not be considered “Allowed” hereunder.

18 “Allowed [Class Designation and/or Secured, Priority, or General Unsecured] Claim” means
19 an Allowed Claim in the specified Class and/or of the specified type.

20 “Available Trust Proceeds” means the Cash available from the sale or other disposition of
21 Plan Assets after the payment of the operating expenses of the Liquidating Trust in accordance with
22 the Plan and the Liquidating Trust Agreement.

23 “Avoidance Action” means causes of action arising under 11 U.S.C. §§ 510, 541, 542, 544,
24 545, 547, 548, 549, 550, 551 and/or 553, or under related state or federal statutes and common law,
25 including, without limitation, fraudulent transfer laws, whether or not litigation is commenced to
26 prosecute such causes of action.

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1 “Bankruptcy Case” or “Case” means the bankruptcy case of the Debtor under the Bankruptcy
2 Code that is pending before the United States Bankruptcy Court for the Central District of
3 California, San Fernando Valley Division, Case No. 24-11695 (MB).

4 “Bankruptcy Code” or “Code” means Title 11 of the United States Code, as amended.

5 “Bankruptcy Court” or “Court” means the United States Bankruptcy Court for the Central
6 District of California, San Fernando Valley Division.

7 “Bankruptcy Rules” means, collectively, the Federal Rules of Bankruptcy Procedure, as
8 amended, and the Local Bankruptcy Rules for use in the United States Bankruptcy Court for the
9 Central District of California.

10 “Business Day” means any day, other than a Saturday, a Sunday or a “legal holiday” as
11 defined in Federal Rule of Bankruptcy Procedure 9006(a).

12 “Cash” means cash and cash equivalents including, but not limited to, checks or similar
13 forms of payment or exchange.

14 “Claim” means (i) a right to payment from the Debtor, whether or not such right to payment
15 is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed,
16 undisputed, legal, equitable, secured, or unsecured, and includes any claims based on, arising from,
17 or connected with any work performed by the Debtor prior to the Petition Date, or (ii) a right to an
18 equitable remedy for breach of performance if such breach gives rise to a right to payment from the
19 Debtor whether or not such right to an equitable remedy is reduced to judgment, liquidated,
20 unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

21 “Claims Bar Date” means February 14, 2025, the date established by the Bankruptcy Court
22 as the deadline for the filing of a proof of Claim against the Debtor or the Estate.

23 “Claim Objection Deadline” means the first Business Day that is one (1) year after the
24 Effective Date.

25 “Class” means any group of Claims or Interests classified in the Plan pursuant to sections
26 1122 and 1123 of the Bankruptcy Code.

27 “Confirmation Date” means the date on which the Bankruptcy Court enters the Confirmation
28 Order.

1 “Confirmation Order” means the order of the Bankruptcy Court confirming the Plan
2 pursuant to section 1129 of the Bankruptcy Code.

3 “Debtor” means Reliant Life Shares, LLC.

4 “Disclosure Statement” means the *Second Amended Disclosure Statement Describing*
5 *Second Amended Chapter 11 Plan of Liquidation*, including as may be further amended or modified.

6 “Disputed Claim” means all or any part of a Claim that is the subject of a timely objection
7 or request for estimation filed on or before the Claims Objection Deadline (as such deadline may be
8 extended), which objection or request for estimation has not been withdrawn or determined by a
9 Final Order of the Bankruptcy Court. In addition, prior to the later of (a) the Claims Objection
10 Deadline, (b) if prior to the Claim Objection Deadline, a motion to disallow or estimate the Claim
11 is filed, then the date upon which such motion is determined by Final Order, or (c) if a proceeding
12 is pending to determine the validity, amount, or characterization of the Claim before a court of
13 competent jurisdiction (and if and to the extent that, prior to the Effective Date, the Bankruptcy
14 Court entered an order lifting the automatic stay to allow the proceeding to proceed to final
15 judgment), then the date upon which such proceeding, including, without limitation, any appeal or
16 remanded or further proceedings in or related to such proceeding, is resolved by a Final Order, any
17 Claim that is evidenced by a Proof of Claim shall be deemed a Disputed Claim for purposes of
18 calculating and making any Distributions under this Plan if: (1) no Claim corresponding to the proof
19 of claim is listed in the Schedules, (2) the Claim corresponding to the proof of claim is listed in the
20 Schedules as disputed, contingent, unliquidated, or unknown, (3) the amount of the Claim as
21 specified in the Proof of Claim exceeds the amount of any corresponding Claim listed in the
22 Schedules as not disputed, not contingent, and liquidated, but only to such extent, or (4) the priority
23 or classification of the Claim as specified in the Proof of Claim differs from the priority of any
24 corresponding Claim listed in the Schedules.

25 “Distribution” means any distribution of Cash or other property by the Liquidating Trustee
26 to a Creditor on account of an Allowed Claim pursuant to the Plan.

27 “Effective Date” means the first business day after the Confirmation Order becomes a Final
28 Order.

1 “Equity Interest” means any “equity security” as provided by section 101(16) of the
2 Bankruptcy Code.

3 “Estate” means the bankruptcy estate of the Debtor created under section 541 of the
4 Bankruptcy Code in the Case.

5 “Estate Claims” means any and all claims and causes of action that constitute property of
6 the Estate including, but not limited to, any Avoidance Actions, equitable subordination or debt
7 recharacterization actions, any causes of action or claims for recovery of any amounts owing to the
8 Debtor or the Estate, and any claims or causes of action against trustees of the statutory trusts where
9 the Debtor was the grantor. Without limiting the foregoing, the Estate Claims include but are not
10 limited to all Avoidance Actions and all claims and potential claims against the Potential Litigation
11 Targets identified on Exhibit “2,” including Scott Grady and other former directors, officers,
12 shareholders or other Insiders of the Debtor, and their affiliates, for breaches of fiduciary duty,
13 negligence, conversion, self-dealing and related claims including contribution claims resulting from
14 the Cooper Judgment. It also includes Avoidance Actions and all claims and potential claims against
15 sales agents, brokers, financial institutions, and parties who received transfers from the Debtor or
16 its assets without providing reasonably equivalent value or who received actual fraudulent transfers
17 from the Debtor. Estate Claims includes Personal Claims assigned to the Liquidating Trust by
18 Creditors who elect to do so on their ballots.

19 “Excess Cash” means the past-due premiums as of the Petition Date, recoveries from claims
20 and causes of action brought or settled by the Debtor, the Committee, or the Liquidating Trustee,
21 and proceeds from the maturity or sale of the unallocated, forfeited, or retained shares of the life
22 insurance policies held by either the Original Trust or the New Trust or any successor trust that the
23 Debtor or Liquidating Trustee causes to be established with the approval of the Court. For purposes
24 of this definition, forfeited shares are those in which fractional interest holders have not timely paid
25 their portions of past-due premiums and/or are not current on their premium payments, regardless
26 of whether those interests have been formally transferred to the Debtor.

27 “Exculpated Parties” means, collectively, and in each case in its capacity as such, (a) the
28 Debtor; (b) the Committee and the Committee members; (c) the directors or managers of the Debtor

1 as of the date of the Confirmation Hearing; and (d) any Professional of the Debtor or the Committee.

2 “File,” “Filed,” or “Filing” means duly and properly filed with the Court and reflected on
3 the Court’s official docket.

4 “Final Order” means an order or judgment entered by the applicable court on its docket.

- 5 a. That has not been reversed, rescinded, stayed, modified, or amended;
- 6 b. That is in full force and effect;
- 7 c. With respect to which the time to appeal or to seek review, remand, rehearing, or a
8 writ of certiorari has expired and as to which no timely Filed appeal or petition for
9 review, rehearing, remand, or writ of certiorari is pending; and
- 10 d. With respect to which any appeal, motion or petition for review, remand, rehearing,
11 or reconsideration, or writ of certiorari that is Filed has been dismissed or resolved
12 by the highest court to which the order or judgment was appealed or from which
13 review, rehearing, remand, reconsideration, or a writ of certiorari was sought, and
14 any remanded or further proceedings following such appeal, petition, or writ have
15 been resolved by Final Order.

16 “Forfeited Investor” is a client of the Debtor who failed to timely pay their share of premiums
17 at some point prior to the Effective Date and therefore elected to cease being an Investor prior to the
18 Effective Date.

19 “General Unsecured Claim” means any Claim that is not a Secured Claim, an Administrative
20 Claim, or a Priority Claim.

21 “Holder” means the beneficial holder of any Claim or Interest.

22 “Initial Estate Recovery” is defined as the first \$1.5 million of Excess Cash.

23 “Insider” shall have the meaning in 11 U.S.C. § 101(31).

24 “Insurance Policies” means any and all insurance policies, insurance settlement agreements,
25 coverage-in-place agreements, and other agreements, documents, or instruments providing or
26 relating to coverage for liability, entered into by or issued to or for the benefit of, at any time, the
27 Debtor, including without limitation any policies providing tail or runoff coverage and any policies
28 providing coverage for liabilities relating to acts or omissions by any current or former directors or

1 officers of the Debtor. For the avoidance of doubt, Life Settlement Policies are not Insurance
2 Policies.

3 “Investor(s)” means those individuals or entities who previously purchased a fractional
4 interest in the net death benefit of any Life Settlement Policy and have not forfeited such interest as
5 of the Effective Date.

6 “Investor Interest” means any contractual or equitable interest or other right held by an
7 Investor in any Life Settlement Policy as of the Effective Date.

8 “Lien” has the meaning set forth in section 101(37) of the Bankruptcy Code and, with respect
9 to any property or asset, includes any mortgage, lien, pledge, charge, security interest, or other
10 encumbrance of any kind, or any other type of preferential arrangement that has the practical effect
11 of creating a security interest, in respect of such property or asset.

12 “Life Settlement Policies” means the life insurance policies or life settlement contracts held
13 by the New Trust. The Life Settlement Policies are specifically identified on Exhibit “4” but
14 excludes any of the Life Settlement Policies that are sold or permitted to lapse prior to the Effective
15 Date.

16 “Liquidating Trust” means the Reliant Life Shares, LLC Liquidating Trust that will be
17 formed on the Effective Date pursuant to the terms of the Plan and the Liquidating Trust Agreement.

18 “Liquidating Trustee” means a Person selected by the Debtor to serve as the trustee of the
19 Liquidating Trust as of the Effective Date, to effectuate the provisions of the Plan after the Effective
20 Date. The Liquidating Trustee is presently expected to be Nicholas D. Rubin, the current chief
21 restructuring officer of the Debtor.

22 “Liquidating Trust Agreement” means the agreement between the Debtor and the
23 Liquidating Trustee, as the same may be amended from time to time in accordance with its terms, a
24 copy of which is attached as Exhibit “1.”

25 “Liquidating Trust Beneficiaries” are the Holders of Allowed Claims who are given
26 beneficial interests in the Liquidating Trust under the Plan.

27 “Liquidation Analysis” means the hypothetical analysis of what Holders of Allowed Claims
28 would receive in a chapter 7 liquidation, which is attached as Exhibit “3.”

1 “Motion” means a request asking a judge to issue a ruling or order on a legal and/or equitable
2 issue.

3 “New Trust” means the Reliant Life Shares Receivership Statutory Trust dated June 27,
4 2024, under which Odyssey Transfer and Trust Company serves as trustee.

5 “Original Trust” means the Reliant Life Shares Series Statutory Trust as set forth in the
6 Second Amended and Restated Agreement and Declaration of Trust Dated as of March 16, 2023.

7 “OUST” means the Office of the United States Trustee, Region 16.

8 “Person” means any individual, corporation, general partnership, limited partnership, limited
9 liability company, association, joint-stock company, joint venture, estate, trust, government,
10 political subdivision, governmental unit (as defined in the Bankruptcy Code), official committee
11 appointed by the OUST, unofficial committee of creditors or equity holders, or entity.

12 “Personal Claims” means any claims or causes of action that an Investor or Creditor has or
13 may have against the Estate, its insiders, and any agents (and their employers), financial institutions,
14 trusts, sub-trusts, Series Trusts, or trustees thereof relating in any way to the Life Settlement Policies
15 or the conduct of the Debtor’s business.

16 “Petition Date” means October 7, 2024, the day that the Debtor filed its voluntary petition
17 for relief under Chapter 11 of the Bankruptcy Code.

18 “Plan” means the *Second Amended Chapter 11 Plan of Liquidation*, including as may be
19 further amended or modified.

20 “Plan Assets” means all property, rights or other assets of the Debtor, the Estate, or the
21 Liquidating Trust of any kind or nature, whether existing as of the Effective Date or arising
22 thereafter, wherever located and whether tangible or intangible, and any proceeds thereof, including
23 without limitation (a) all Cash of the Debtor and all of the Debtor’ bank accounts; (b) all Accounts
24 Receivable; (c) all Estate Claims; (d) all of the Debtor’s rights or interests, including without
25 limitation all Residual Interests, in or under the Original Trust agreement or New Trust Agreement
26 and any other documents related to the Original Trust or New Trust, as may be amended from time
27 to time; (e) all rights of setoff, recoupment, and other defenses against Claims; and (f) all documents,
28 communications and information of the Debtor. For avoidance of doubt, Plan Assets include Excess

1 Cash. Plan Assets shall be deemed “property of the estate” within the meaning of 11 U.S.C. § 363.

2 “Potential Litigation Targets” include the parties specifically identified on Exhibit “2” and
3 (1) any other party who received a transfer of money or property from the Debtor or with whom the
4 Debtor incurred debt without the Debtor receiving reasonably equivalent value in exchange for the
5 transfer or incurrence of debt, (2) any third party who received a transfer of money or property from
6 the Debtor as part of the Debtor’s intent to hinder, delay, or defraud any creditor and who did not
7 receive such transfer in good faith and without knowledge of the voidability of the transfer, and (3)
8 any malpractice actions against the Debtor’s former attorneys or accountants.

9 “Projections” means the projections of the Liquidating Trustee’s post-confirmation
10 payments under the Plan, to be provided prior the hearing to confirm the Plan.

11 “Priority Tax Claim” means a Claim that is entitled to priority against the Estate under
12 section 507(a)(8) of the Bankruptcy Code. For the avoidance of doubt, tax claims arising or incurred
13 during the pendency of the Case are classified and treated as Administrative Claims.

14 “Other Priority Claim” means a Claim that is entitled to priority against the Estate under
15 section 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6) and 507(a)(7) of the Bankruptcy Code other than
16 an Administrative Claim, Secured Claim or Priority Tax Claim.

17 “Pro Rata” means, with respect to any Allowed Claim in any particular Class or other group
18 of Claims, the ratio of the amount of such Allowed Claim to the aggregate amount of all Allowed
19 Claims and all Disputed Claims in such Class or other group of Claims.

20 “Professional” means “means any professional person employed in the Bankruptcy Case
21 under an express order of the Bankruptcy Court pursuant to sections 327, 328 or 1103 of the
22 Bankruptcy Code and to be compensated for services rendered pursuant to sections 327, 328, 329,
23 330, or 331 of the Bankruptcy Code and includes Force Ten Partners, LLC. The term “Professional”
24 does not include any professionals employed by or on behalf of the Debtor or the Estate in the
25 ordinary course and without an express order of the Bankruptcy Court.

26 “Professional Fee Claim” means:
27
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- 1 a. A Claim under Bankruptcy Code §§ 327, 328, 330, 331, 503, or 1103 for
2 compensation for professional services rendered or expenses incurred on the Estate’s
3 behalf, or
4 b. A Claim either under Bankruptcy Code § 503(b)(4) for compensation for
5 professional services rendered or under Bankruptcy Code § 503(b)(3)(D) or (E) for
6 expenses incurred in making a substantial contribution to the Estate.

7 “Request for Payment” means a request for the allowance and payment of a Non-Ordinary
8 Course Administrative Claim pursuant to 11 U.S.C. § 503(a) or 11 U.S.C. § 507(a)(2) that is Filed
9 with the Bankruptcy Court. For the avoidance of doubt, the deadline for the Debtor to object or
10 otherwise respond to any Request for Payment filed after the Effective Date, whether styled as a
11 Motion or otherwise, shall be the Claim Objection Deadline.

12 “Residual Interest” means all rights or interests of the Debtor, the Estate, or the Liquidating
13 Trust in or relating to any Life Settlement Policy, including but not limited to any such interests that
14 were never sold and any Investor Interests that have been forfeited to the Debtor or that will be
15 forfeited to the Liquidating Trust, and any rights as the grantor under the Original Trust agreement
16 or the New Trust Agreement. It does not include any beneficial interest held by an Investor who
17 has continued to pay and who will continue to pay their pro rata share of premiums.

18 “Schedules” means the Schedules of Assets and Liabilities filed by the Debtor in the Case
19 [Docket No. 116], as have been or may be amended from time to time.

20 “Secured Claim” means a Claim that is secured by a Lien on property in which the Estate
21 has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law or by
22 Final Order of the Bankruptcy Court, or that is subject to a valid right of setoff pursuant to section
23 553 of the Bankruptcy Code, to the extent of the value of the Holder of such Claim’s interest in the
24 Estate’s interest in such property or the amount subject to setoff, as applicable, as determined
25 pursuant to section 506(a) or as Allowed in accordance with the Plan.

26 “SOFA” means the Statement of Financial Affairs filed by the Debtor in the Case [Docket
27 No. 116], as have been or may be amended from time to time.

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1 “Subordinated Claim” means and refers to (a) any Claim filed by a Forfeited Investor, (b)
2 any Claim or portion thereof based on penalties, punitive or exemplary damages, or otherwise not
3 for compensatory damages, except to the extent allowable under section 507(a)(8) of the Bankruptcy
4 Code, and (c) a Claim that is subordinated in a Final Order pursuant to section 510 or any other
5 provision of the Bankruptcy Code or applicable law.

6 **B. Rules of Construction**

7 For the purpose of this Disclosure Statement and the Plan, unless otherwise provided in this
8 Disclosure Statement or the Plan, (i) whenever from the context it is appropriate, each term, whether
9 stated in the singular or the plural, shall include both the singular and the plural; (ii) each pronoun
10 stated in the masculine, feminine or neuter shall include the masculine, feminine and neuter; (iii) any
11 reference in this Disclosure Statement or the Plan to an existing document, Exhibit or schedule filed
12 or to be filed means such document or schedule as it may have been or may be amended, modified
13 or supplemented pursuant to this Disclosure Statement and the Plan; (iv) any reference to an entity
14 as a holder of a Claim or Interest includes that entity’s successors and assigns; (v) except as
15 otherwise stated herein, all references in this Disclosure Statement and the Plan to sections, Articles
16 and Exhibits are references to sections, Articles and Exhibits of or to this Disclosure Statement or
17 the Plan, as the case may be; (vi) the words “herein,” “hereunder” and “hereto” refer to this
18 Disclosure Statement or the Plan in its entirety rather than to a particular portion of this Disclosure
19 Statement or the Plan, as the case may be; (vii) unless otherwise provided in this Disclosure
20 Statement or the Plan, any reference in this Disclosure Statement or the Plan to a contract,
21 instrument, release, indenture, agreement, or other document being in a particular form or on
22 particular terms and conditions means that such document shall be substantially and materially in
23 such form or substantially and materially on such terms and conditions; and (viii) the rules of
24 construction set forth in section 102 of the Bankruptcy Code shall apply to the extent such rules are
25 not inconsistent with the express terms of this Disclosure Statement or the Plan.

26 **C. Rules of Interpretation**

27 (a) Except as otherwise provided in the Plan, Bankruptcy Rule 9006(a) applies when
28 computing any time period under the Plan.

1 (b) Any term used in the Plan that is not a Defined Term, but that is used in the
2 Bankruptcy Code or Bankruptcy Rules has the meaning assigned to such term in the Bankruptcy
3 Code or Bankruptcy Rules, as applicable, unless the context requires otherwise.

4 (c) The definition given to any term or provision in the Plan supersedes and controls any
5 different meaning that may be given to that term or provision in the Disclosure Statement.

6 (d) Whenever it is appropriate from the context, each term, whether stated in the singular
7 or the plural, includes both the singular and the plural.

8 (e) Any reference to a document or instrument being in a particular form or on particular
9 terms means that the document or instrument will be substantially in that form or on those terms or
10 as amended by the terms thereof.

11 (f) Any reference to an existing document means the document as it has been, or may
12 be, amended or supplemented.

13 (g) Unless otherwise indicated, the phrase “under the Plan” and similar words or phrases
14 refer to the Plan in its entirety rather than to only a portion of the Plan.

15 (h) Unless otherwise specified, all references to sections or Exhibits in the Disclosure
16 Statement are references to this Disclosure Statement’s sections or Exhibits, and all references to
17 sections or Exhibits in the Plan are references to the Plan’s sections or Exhibits

18 (i) section captions and headings are used only as convenient references and do not
19 affect this Disclosure Statement’s or the Plan’s meaning.

20 **D. Disclosure Statement Exhibits**

21 The Exhibits to the Disclosure Statement are as follows:

22 Exhibit 1 – Liquidating Trust Agreement

23 Exhibit 2 – List of Potential Litigation Targets

24 Exhibit 3 – Liquidation Analysis

25 Exhibit 4 – List of Active Life Settlement Policies

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EXHIBIT 1

LIQUIDATING TRUST AGREEMENT

This Liquidating Trust Agreement (“Liquidating Trust Agreement” or “Agreement”), dated as of ___, 2025, by and between Reliant Life Shares, LLC (the “Debtor”) and Nicholas Rubin of Force 10 Partners, LLC as Liquidating Trustee (the “Liquidating Trustee” or “Trustee”) under that certain *First Amended Chapter 11 Plan of Liquidating*, dated August __, 2025 (as amended, modified, and/or supplemented, the “Plan”), is hereby being executed to facilitate the implementation of the Plan, which provides for the establishment of the Liquidating Trust (as defined below) created by this Liquidating Trust Agreement and the administration and disposition of the Plan Assets (as defined below), all for the benefit of the holders of certain Claims¹ as set forth in the Plan. The Liquidating Trustee’s powers and duties are as set forth herein.

WHEREAS, on October 7, 2024 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the Central District of California, San Fernando Valley Division (the “Bankruptcy Court” or “Court”);

WHEREAS, under section 1121 of the Bankruptcy Code, the Debtor filed the Plan;

WHEREAS, on ___, 2025, the Bankruptcy Court entered an order confirming the Plan (the “Confirmation Order”);

WHEREAS, the Plan and the Confirmation Order provide for the establishment of a Liquidating Trust (as defined in the Plan, the “Liquidating Trust”) pursuant to this Liquidating Trust Agreement and the appointment of the Liquidating Trustee to (i) administer the Liquidating Trust for the benefit of the Holders of Allowed Class 1b Secured Claims and all Allowed Class 3b, 3c, and 3d General Unsecured Claims under the Plan and (ii) provide administrative services relating to the Plan’s implementation;

WHEREAS, the Plan will become effective on the Effective Date;

WHEREAS, Nicholas Rubin of Force 10 Partners, LLC is hereby appointed Liquidating Trustee;

¹ Unless otherwise defined in this Liquidating Trust Agreement, all capitalized terms contained in this Liquidating Trust Agreement have the meanings ascribed to them in the Plan. To the extent that a definition of a term in the text of this Liquidating Trust Agreement and the definition of such term in the Plan are inconsistent, the definition in the Plan shall control.

WHEREAS, the Plan provides for, *inter alia*:

- (a) the transfer to the Liquidating Trust, on the Effective Date, of the Debtor's and its Estate's rights, title, and interest in all of the Plan Assets (as used in the Plan and this Liquidating Trust Agreement, the "Plan Assets"), including Residual Interests, free and clear of all Claims, Liens, charges, and other encumbrances other than the Liens held by the holders of Allowed Secured Claims;
- (b) the distribution of Plan Assets in accordance with the terms of the Plan for the benefit of holders of Trust Beneficial Interests (the "Beneficiaries;" *provided, however*, that to the extent any Claim is not an Allowed Claim, the Holder of such Claim shall not be deemed a Beneficiary hereunder);
- (c) distributions, if any, to Beneficiaries shall be made solely from Plan Assets;
- (d) the federal income tax treatment of the Liquidating Trust as a grantor trust;
- (e) the establishment of a reserve for Disputed Claims from which payments may be made to a Holder of a Disputed General Unsecured Claim if such Claim becomes an Allowed Claim; and (ii) other appropriate reserves, including as may be reasonably necessary to pay Liquidating Trust expenses; and
- (f) the payment, in accordance with the terms of the Plan, of Allowed Administrative Expense Claims, including Allowed Professional Fee Claims; Allowed Priority Tax Claims; Allowed Secured Claims; and Allowed General Unsecured Claims; and distributions on account of Claims that were Disputed or otherwise not Allowed as of the Effective Date, if such Claims become Allowed; the administration of the Liquidating Trust and the Plan Assets by the Liquidating Trustee for the purposes and in the manner set forth in this Liquidating Trust Agreement subject to the Plan.

WHEREAS, the Liquidating Trust is intended to be treated as a liquidating trust pursuant to United States Treasury Regulation Section 301.7701-4(d) and IRS Revenue Procedure 94-45, 1994-2 C.B. 684, and as a grantor trust subject to the provisions of Subtitle A, Chapter 1, Subchapter J, Part 1, Subpart E of the Tax Code (hereinafter defined) owned by the Beneficiaries as grantors;

NOW, THEREFORE, pursuant to the Plan and in consideration of the premises, the mutual agreements of the parties contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and affirmed, the parties hereby agree as follows:

ARTICLE 1

DECLARATION OF TRUST

1.1 Purpose of the Liquidating Trust. The Debtor and the Liquidating Trustee, pursuant to the Plan and the Confirmation Order, and in accordance with the Bankruptcy Code and applicable tax statutes, rules, and regulations, to the extent incorporated in this Agreement, hereby constitute and create a trust (*i.e.*, the Liquidating Trust) for the purpose of liquidating the Plan Assets for the benefit of the Beneficiaries, with no objective to continue or engage in the conduct of a trade or business (except to the extent reasonably necessary to carry out, and consistent with, the liquidation purpose of the Liquidating Trust, provided that any such conduct will not affect the Liquidating Trust's tax status as a liquidation trust). In particular, the Liquidating Trust, through the Liquidating Trustee, shall (i) pending the reduction to Cash of the Plan Assets (and any non-Cash proceeds thereof), manage, and collect and obtain proceeds from the Plan Assets, with the goal of reducing the Plan Assets (and any non-Cash proceeds thereof) to Cash; (ii) make distributions pursuant to this Agreement, the Plan, and the Confirmation Order; (iii) act as the grantor under the Original Trust and the New Trust, with all power and authority granted to the grantor under the applicable trust agreements, as may be amended from time to time, and (iv) take such steps as are reasonably necessary to accomplish such purposes, all as more fully provided in, and subject to the terms and provisions of, the Plan, the Confirmation Order, and this Liquidating Trust Agreement.

1.2 Name of the Liquidating Trust. The Liquidating Trust established hereby shall be known as the "Reliant Life Shares Liquidating Trust." In connection with the exercise of the Liquidating Trustee's powers, the Liquidating Trustee may use such name or such variation thereof as the Liquidating Trustee sees fit and may transact the business and affairs of the Liquidating Trust in such name.

1.3 Transfer of Assets to Create Liquidating Trust. Pursuant to the Plan and the Confirmation Order, the Debtor and its Estate hereby irrevocably grant, release, assign, transfer, convey, and deliver to the Liquidating Trustee, as of the Effective Date, the Plan Assets, to have and to hold by the Liquidating Trustee and the Liquidating Trustee's successors in trust and to be applied as specified in the Plan and this Liquidating Trust Agreement. On the Effective Date and from time to time thereafter, upon the direction of the Liquidating Trustee, the Debtor shall execute and deliver (or cause to be executed and delivered) to the Liquidating Trustee any and all such documents, in recordable form where necessary or appropriate, and the Debtor shall take or cause to be taken such further or other action, as the Liquidating Trustee may reasonably deem appropriate, to vest or perfect in or confirm to the Liquidating Trustee, title to and possession of all of the Plan Assets. The Liquidating Trustee shall be responsible for establishing and maintaining such accounts as the Liquidating Trustee shall deem necessary or appropriate to carry out the provisions of this Liquidating Trust Agreement, and to perform all obligations specified for the Liquidating Trustee under the Plan, the Confirmation Order, and this Liquidating Trust Agreement.

1.4 Acceptance by Liquidating Trustee. The Liquidating Trustee hereby accepts: (i) the appointment to serve as Liquidating Trustee; (ii) the transfer of the Plan Assets on behalf of the Liquidating Trust; and (iii) the trust imposed on the Liquidating Trustee by this Liquidating Trust Agreement. The Liquidating Trustee agrees to receive, hold, administer, and distribute the Plan Assets and the income or other proceeds derived therefrom, if any, pursuant to the terms of the Plan, the Confirmation Order, and this Liquidating Trust Agreement. The Liquidating Trustee agrees to perform all activities reasonably necessary to ensure the transfer of the Plan Assets to the

Liquidating Trustee on behalf of the Liquidating Trust.

ARTICLE 2

LIQUIDATION TRUSTEE - GENERALLY

2.1 Appointment. The initial Liquidating Trustee shall be Nicholas Rubin of Force Ten Partners, LLC.

2.2 Term of Service. The Liquidating Trustee shall serve until (i) the termination of the Liquidating Trust in accordance with Article 9 of this Liquidating Trust Agreement, or (ii) the Liquidating Trustee's resignation, death, or removal, all in accordance with the provisions of this Liquidating Trust Agreement.

2.3 Services. The Liquidating Trustee (solely in his, her, or its individual capacity) shall be entitled to engage in such other activities unrelated to the administration of the Liquidating Trust as the Liquidating Trustee deems appropriate and which are not in conflict with the Plan, the Confirmation Order, this Liquidating Trust Agreement, or the interests of the Beneficiaries resulting from this Liquidating Agreement. The Liquidating Trustee shall devote such time as is necessary to fulfill all the Liquidating Trustee's duties as Liquidating Trustee.

2.4 Resignation, Death, or Removal of Liquidating Trustee. The Liquidating Trustee may be removed by the Bankruptcy Court upon application for good cause shown on not less than sixty (60) days' notice to the Liquidating Trustee, counsel for the Liquidating Trustee, and the Office of the United States Trustee ("OUST"). For any such Motion, "cause" will include (a) the Liquidating Trustee's willful failure to perform his, her or its material duties hereunder which is not remedied within 30 days of written notice and service thereof on the Liquidating Trustee and his counsel; (b) the Liquidating Trustee's death; (c) the Liquidating Trustee's mental or physical incapacity that materially and adversely affects the Liquidating Trustee's ability to perform his, her or its duties under the Plan; (d) the Liquidating Trustee's commission of an act of fraud, theft or embezzlement in connection with the Liquidating Trustee's duties under the Plan; or (e) the Liquidating Trustee's conviction for the commission of a felony with all appeals having been exhausted or appeal periods lapsed. For purposes of the foregoing, no act or failure to act on the part of the Liquidating Trustee shall be considered "willful" unless it is done, or permitted to be done, by the Liquidating Trustee without reasonable belief that the Liquidating Trustee's action or omission was in the interests of the Holders of Allowed Claims in the context of the Plan.

In the event that the Liquidating Trustee seeks to resign as Liquidating Trustee, he shall first appoint a qualified successor Liquidating Trustee who must agree in writing to be bound by the provisions of this Agreement. Notice of the resignation and appointment of a successor Liquidating Trustee shall be given to the OUST, to any remaining holders of Allowed Secured Claims, and to the holders of the twenty largest Allowed General Unsecured Claims. Upon appointment pursuant to this Section 2.4, any successor Liquidating Trustee, without any further act, shall become fully vested with all the rights, powers, duties, and obligations of such successor Liquidating Trustee's predecessor.

2.5 Trust Continuance. The death, resignation, or removal of the Liquidating Trustee shall not terminate the Liquidating Trust or revoke any existing agency (other than any agency of such Liquidating Trustee as Liquidating Trustee) created pursuant to this Liquidating Trust

Agreement or invalidate any action theretofore taken by the Liquidating Trustee, and the successor Liquidating Trustee appointed in such event agrees that the provisions of this Liquidating Trust Agreement shall be binding upon and inure to the benefit of such successor Liquidating Trustee and all such successor Liquidating Trustee's heirs and legal and personal representatives, successors, or assigns.

2.6 Compensation and Expenses of Liquidating Trustee. The Liquidating Trustee shall receive (i) reimbursement of reasonable, actual, and necessary costs, fees (including attorneys' fees and other professional fees), and expenses incurred by the Liquidating Trustee in connection with the performance of the Liquidating Trustee's duties hereunder, and (ii) fair and reasonable compensation for the Liquidating Trustee's services as Liquidating Trustee in an amount equal to 3% of all amounts distributed or caused to be distributed by the Liquidating Trustee. All such reimbursements and compensation shall be paid (or reserved for, as applicable) from the Plan Assets prior to any distribution to the Beneficiaries.

2.7 Retention of Professionals. The Liquidating Trustee may, without the necessity for application to or approval of the Bankruptcy Court, retain and engage such attorneys, accountants, and other professionals and persons as may be necessary to carry out the Liquidating Trustee's duties under this Agreement on such terms as the Liquidating Trustee deems appropriate in the Liquidating Trustee's sole discretion, including any law, accounting, or financial advisory firm of which the Liquidating Trustee is a partner or otherwise affiliated from time to time and any law, accounting, or financial advisory firm that was retained as a professional in the Debtor's bankruptcy case. The fees and expenses of all professionals retained consistent with this Section 2.7 shall be borne exclusively by the Liquidating Trust, and such professionals may be compensated monthly upon submission of invoices to the Liquidating Trustee without review or approval of the Bankruptcy Court or any other party, except as provided in Section 2.8. All fees and expenses of administration of the Liquidating Trust and the Liquidating Trustee, including pursuant to Section 2.6 and this Section 2.7, shall be paid from the Liquidating Trust, and the Liquidating Trustee may establish one or more reserves for this purpose.

2.8 No Court Approval Needed for Payment. Neither the Liquidating Trustee nor any professional retained by the Liquidating Trustee is required to seek Bankruptcy Court authorization before the payment of any fees, or expenses, of the Liquidating Trustee or any professional retained by the Liquidating Trustee. In addition, the Liquidating Trustee may pay Professionals in the ordinary course of business for any work authorized by the Liquidating Trustee performed on and after the Effective Date, including those fees and expenses incurred by Professionals in connection with the implementation and consummation of the Plan, in each case without further application or notice to, or order of, the Bankruptcy Court.

ARTICLE 3

POWERS AND LIMITATIONS OF LIQUIDATION TRUSTEE

3.1 General Powers of Liquidating Trustee. In connection with the administration of the Liquidating Trust, except as otherwise set forth herein, the Liquidating Trustee shall have all of the rights, powers, and privileges of a chapter 11 trustee and shall have the power and authority to make all decisions with respect to the Plan Assets and perform those acts necessary or desirable to accomplish the purposes of the Liquidating Trust. The Liquidating Trust shall succeed to all the rights of the Debtor and its Estate necessary to protect, conserve, and liquidate the Plan Assets as quickly as reasonably practicable consistent with the purposes of the Liquidating Trust. Subject to the limitations set forth in this Liquidating Trust Agreement, the Plan, and the Confirmation Order, and in addition to any powers and authority conferred by law, by the Plan, and by the Confirmation Order, or by any other section or provision of this Liquidating Trust Agreement, the Liquidating Trustee may exercise all powers granted to the Liquidating Trustee hereunder related to, or in connection with, the administration and liquidation of Plan Assets and distribution of Cash and other net proceeds derived therefrom in accordance with this Liquidating Trust Agreement, the Plan, and the Confirmation Order. Without limitation, but subject to the foregoing, the Liquidating Trustee shall be expressly authorized, subject to the terms of the Plan, to:

- (a) make all decisions with respect to the Plan Assets;
- (b) implement the Plan, including any other powers necessary or incidental thereto;
- (c) exercise all power and authority that may be exercised, to commence, pursue, abandon, and/or settle all proceedings related to the Estate Claims or pending in the Chapter 11 Case (including the power to continue any actions and proceedings that may have been commenced by the Debtor or the Committee prior to the Effective Date to the extent such actions and proceedings relate to Plan Assets, including Estate Claims);
- (d) serve as grantor of the Reliant Life Shares Receivership Statutory Trust dated June 27, 2024, and, to the extent necessary, the Reliant Life Shares Series Statutory Trust as set forth in the Second Amended and Restated Agreement and Declaration of Trust Dated as of March 16, 2023, and to modify the terms of the trust agreements as he deems reasonably necessary to implement the Plan;
- (e) make distributions to Holders of Allowed Claims, and take other actions required under or consistent with the Plan, including the maintenance of appropriate reserves, in the name of the Liquidating Trust;
- (f) use, manage, sell, lease, license, abandon, convert to Cash, and/or otherwise dispose of the Plan Assets for the purpose of making distributions and fully consummating the Plan;
- (g) take all steps necessary to wind-up and close the Liquidating Trust;
- (h) prosecute objections to Claims, including, but not limited to, Administrative Expense Claims, and compromise, settle, and/or litigate any such Claims (Disputed or otherwise);

(i) investigate and prosecute any and all Estate Claims and compromise, settle, waive, and/or litigate any Estate Claims, *provided, however*, that any settlement in excess of \$50,000 shall require approval of the Bankruptcy Court on notice to the Cooper Parties, as defined in the Plan, the holders of the twenty (20) largest Allowed General Unsecured Claims, and parties requesting special notice;

(j) prepare and file tax returns for the Liquidating Trust to the extent required by law;

(k) employ and compensate any and all such professionals and agents as the Liquidating Trustee, in his or her sole discretion, deems reasonably necessary to perform his or her duties under the Plan, without further order of the Bankruptcy Court;

(l) satisfy and pay all Trust Expenses;

(m) participate in or file any post-Effective Date motion(s) to amend or modify the Plan or this Liquidating Trust Agreement, or any appeal(s) of the Confirmation Order;

(n) participate in or file any action to enforce or interpret the Plan;

(o) bind the Liquidating Trust; and

(p) take all other actions not inconsistent with the provisions of the Plan that the Liquidating Trustee deems reasonably necessary or desirable in connection with the administration or implementation of the Plan, including (without limitation) the following, irrespective of whether the authority to take such actions is expressly enumerated in the Plan:

(i) filing all motions, pleadings, reports, and other documents in connection with the administration and closing of the Chapter 11 Case;

(ii) paying any statutory fees owed to the OUST;

(iii) settling disputes as to any amounts owed to the Estate;

(iv) overseeing, implementing, and performing under any agreement on behalf of the Liquidating Trustee;

(v) liquidating Plan Assets;

(vi) opening and maintaining bank accounts on behalf of or in the name of the Liquidating Trust, calculating and making distributions, and taking other actions consistent with the Plan and the implementation thereof, including the establishment, re-evaluation, adjustment, and maintenance of appropriate reserves, in the name of the Liquidating Trust;

(vii) receiving, conserving, and managing the Plan Assets;

(viii) if the Liquidating Trustee determines that any of the Beneficiaries or the Liquidating Trust may, will, or has become subject to adverse tax consequences, taking such actions that the Liquidating Trustee, in the Liquidating Trustee's reasonable discretion, determines are intended to alleviate such adverse tax consequences, including, without limitation, dividing

the Plan Assets into several trusts or other structures;

- (ix) holding legal title to any and all Plan Assets;
- (x) establishing, funding, and administering the Disputed Claims Reserve and such other reserves provided for in, or otherwise not inconsistent with, the terms of the Plan, the Confirmation Order, or this Liquidating Trust Agreement, including a reserve for the payment of Trust Expenses;
- (xi) entering into contracts and other business arrangements;
- (xii) representing the Liquidating Trust before governmental and other regulatory or administrative bodies;
- (xiii) removing Plan Assets or the situs of administration of the Liquidating Trust from one jurisdiction to another at any time or from time to time;
- (xiv) making decisions regarding the retention or engagement of professionals, employees, and consultants by the Liquidating Trust and paying, from the Liquidating Trust, the fees and charges incurred by the Liquidating Trust on or after the Effective Date, including fees of professionals, disbursements, expenses, or support services relating to the implementation of the Plan and this Liquidating Trust Agreement, without application to the Bankruptcy Court;
- (xv) paying all lawful expenses, debts, charges, and liabilities of the Liquidating Trust;
- (xvi) withholding from the amount distributable to any Person or Entity such amount as may be sufficient to pay any tax or other charge that the Liquidating Trustee has determined, in his or her sole discretion, may be required to be withheld therefrom under the income tax laws of the United States or of any state or political subdivision thereof; and in the exercise of the Liquidating Trustee's discretion and judgment, entering into agreements with taxing or other governmental authorities for the payment of such amounts as may be withheld in accordance with the provisions of this section;
- (xvii) entering into any agreement or executing any document required by or consistent with the Plan, the Confirmation Order, or this Liquidating Trust Agreement and the purposes of the Liquidating Trust, and performing all obligations under all the foregoing;
- (xviii) abandoning in any commercially reasonable manner, including abandonment or donation to a charitable organization of the Liquidating Trustee's choice, any assets the Liquidating Trustee concludes are of no benefit to the Liquidating Trust;
- (xix) if any performance under this Liquidating Trust Agreement by the Liquidating Trustee is subject to the laws of any state or other jurisdiction in which the Liquidating Trustee is not qualified to act as trustee, nominating and appointing a Person or Entity duly qualified to act as trustee in such state or jurisdiction and requiring from each such trustee such security as designated by the Liquidating Trustee; conferring upon such trustee any and all of the rights, powers, privileges, and duties of Liquidating Trustee, subject to the conditions and limitations of this Agreement and applicable law; requiring such trustee to be answerable to the Liquidating Trustee for all monies, assets, and other property that may be received in connection

with the administration of all property; and removing such trustee, with or without cause, and appointing a successor trustee at any time by the execution by the Liquidating Trustee of a written instrument declaring such trustee removed from office, and specifying the effective date and time of removal;

(xx) investing Cash as deemed appropriate by the Liquidating Trustee in Cash equivalents; *provided, however*, that the scope of any such permissible investments shall be limited to include only those investments, or shall be expanded to include any additional investments, as the case may be, that a “liquidating trust,” within the meaning of Treasury Regulation Section 301.7701-4(d), may be permitted to hold, pursuant to the Treasury Regulations, or any modification in the IRS guidelines, whether set forth in IRS rulings, other IRS pronouncements, or otherwise; *provided further, however*, that any investment of Cash must be with institutions and in investment vehicles covered by Federal Deposit Insurance Corporation (“FDIC”) insurance;

(xxi) holding title to any investment in the Liquidating Trustee’s name as Liquidating Trustee or in a nominee’s name;

(xxii) collecting amounts due (including, without limitation, Debtor receivables and/or amounts owed by third parties relating to outstanding Debtor receivables), and exercising and enforcing all rights under or attendant to any notes, accounts receivable, settlement agreements, life insurance policies or agreements, or other contracts or contract rights, or other assets, in each case that constitute Plan Assets, or proceeds thereof;

(xxiii) suing and being sued, subject to the provisions herein, in the Plan, and in the Confirmation Order, and participating in any proceeding with respect to any matter regarding or relating to this Liquidating Trust Agreement, the Confirmation Order, the Plan, the Liquidating Trust, the Debtor, or the Estate;

(xxiv) delegating any or all of the discretionary power and authority herein conferred at any time with respect to any portion of the Plan Assets or other powers enumerated herein to any one or more reputable individuals or recognized institutional advisors or investment managers or consultants without any liability for any action taken or omission made because of such delegation, except to the extent such delegation constituted gross negligence, willful misconduct, or fraud; and

(xxv) taking all other actions consistent with the provisions of this Liquidating Trust Agreement, the Plan, and the Confirmation Order that the Liquidating Trustee deems reasonably necessary or desirable to administer the Liquidating Trust.

3.2 Limitations on the Liquidating Trustee. Notwithstanding anything in this Liquidating Trust Agreement to the contrary, the Liquidating Trustee shall not do or undertake any of the following without an order of the Bankruptcy Court approving such decision or action:

(a) take any action in contravention of the Plan, the Confirmation Order, or this Liquidating Trust Agreement;

(b) take any action that would significantly jeopardize treatment of the Liquidating Trust as a “liquidating trust” for federal income tax purposes;

- (c) lend any Plan Assets to the Liquidating Trustee;
- (d) purchase Plan Assets from the Liquidating Trust;
- (e) transfer Plan Assets to another trust with respect to which the Liquidating Trustee serves as trustee;
- (f) grant liens on any of the Plan Assets; or
- (g) guarantee any debt incurred by any third party.

3.3 Liquidating Trustee Conflicts of Interest. If the Liquidating Trustee determines, in the exercise of the Liquidating Trustee's discretion, that the Liquidating Trustee has a conflict of interest with respect to any matter, the Liquidating Trustee may, after notice to the OUST, request that the Bankruptcy Court approve the Liquidating Trustee's choice of a designee to act on behalf of the Liquidating Trust solely with respect to such matter.

ARTICLE 4

LIABILITY OF LIQUIDATION TRUSTEE

4.1 Trustee Standard of Care; Exculpation; Limitation on Liability; Indemnification. The Liquidating Trustee shall not be liable for any act the Liquidating Trustee may do or omit to do as Liquidating Trustee under the Plan and this Liquidating Trust Agreement while acting in good faith and in the exercise of the Liquidating Trustee's reasonable business judgment; nor will the Liquidating Trustee be liable in any event except for an act or omission that is determined by Final Order of a court of competent jurisdiction to have constituted gross negligence, willful misconduct, or fraud. Any Person or Entity employed by the Liquidating Trustee shall not be liable for any act or omission they may do or omit in representing the Liquidating Trustee or the Liquidating Trust except for an act or omission that is determined by Final Order of a court of competent jurisdiction to have constituted gross negligence, professional negligence, willful misconduct, or fraud. The Liquidating Trustee and any Person or Entity employed by the Liquidating Trustee and acting on behalf of the Liquidating Trustee shall be entitled to indemnification and defense out of the assets of the Liquidating Trust against any losses, liabilities, expenses (including attorneys' fees and disbursements), damages, taxes, suits, or claims that they may incur or sustain by reason of being, or having been, employed by the Liquidating Trust or the Liquidating Trustee or for performing any functions incidental to such service; *provided, however,* that the foregoing shall not relieve the Liquidating Trustee or any Person employed by the Liquidating Trustee from liability, nor entitle any of the foregoing entities to indemnification pursuant to the Plan or this Liquidating Trust Agreement, for an act or omission that is determined by Final Order to have constituted gross negligence, professional negligence, willful misconduct, or fraud. Persons or Entities dealing with the Liquidating Trustee or any of the foregoing parties in their respective capacities as such, or seeking to assert claims against the Liquidating Trustee or any of the foregoing parties in their capacities as such, shall have recourse only to the Plan Assets (excluding any fund or reserve to pay Trust Expenses) to satisfy any liability incurred by the Liquidating Trustee or any of the foregoing parties in their respective capacities as such to such Persons or Entities in carrying out the terms of the Plan and this Liquidating Trust Agreement. Satisfaction of any obligation of the Liquidating Trust arising pursuant to the terms of this section shall be payable only from the Plan Assets, and such right to payment shall be prior

and superior to any other rights to receive on behalf of any Beneficiary any distribution of Plan Assets or proceeds thereof. The Liquidating Trust shall have the right to control the defense and settlement of claims as to which it is obligated to indemnify.

4.2 Bond. The Liquidating Trustee shall not be obligated to give any bond or surety for the performance of any of the Liquidating Trustee's duties unless otherwise ordered by the Bankruptcy Court. If so ordered, all costs and expenses of procuring a bond or surety shall be deemed a Trust Expense and payable from the Plan Assets.

4.3 No Liability for Acts of Predecessor Liquidating Trustees. No successor Liquidating Trustee shall be in any way liable for the acts or omissions of any predecessor Liquidating Trustee unless a successor Liquidating Trustee expressly in writing assumes such responsibility.

4.4 Reliance by Liquidating Trustee on Documents, Mistake of Fact, or Advice of Counsel. Except as may be otherwise provided in this Liquidating Trust Agreement, the Liquidating Trustee may rely, and shall be protected from liability for acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, or other paper or document reasonably believed by the Liquidating Trustee to be genuine and to have been presented by an authorized party. Also, the Liquidating Trustee shall not be liable if the Liquidating Trustee acts in good faith based on a mistake of fact before having actual knowledge of such mistake. The Liquidating Trustee shall not be liable for any action taken or suffered by the Liquidating Trustee in reasonably relying upon the advice of counsel or other professionals engaged by the Liquidating Trustee in accordance with this Liquidating Trust Agreement.

4.5 Insurance. The Liquidating Trustee may cause the Liquidating Trust to purchase errors and omissions insurance with regard to any liabilities, losses, damages, claims, costs, and expenses the Liquidating Trustee may incur, including but not limited to attorneys' fees, arising out of or due to the Liquidating Trustee's actions or omissions, or consequences of such actions or omissions, other than as a result of the Liquidating Trustee's fraud, gross negligence, or willful misconduct, with respect to the implementation and administration of the Plan, the Liquidating Trust, and this Liquidating Trust Agreement.

ARTICLE 5

DUTIES OF LIQUIDATION TRUSTEE

5.1 General. The Liquidating Trustee shall have all the duties specified in the Plan, the Confirmation Order, and this Liquidating Trust Agreement.

5.2 Books and Records. The Liquidating Trustee shall maintain, in respect of the Liquidating Trust, books and records relating to the Plan Assets and income and proceeds realized therefrom, and the payment of expenses of and claims against or assumed by the Liquidating Trust, in such detail and for such period of time as may be necessary to enable the Liquidating Trustee to make full and proper reports in respect thereof. Except as expressly provided in this Liquidating Trust Agreement, the Plan, or the Confirmation Order, nothing in this Liquidating Trust Agreement is intended to require the Liquidating Trustee to file any accounting or seek approval of any court with respect to the administration of the Liquidating Trust, or as a condition for making any payment or distribution out of the Plan Assets or proceeds therefrom.

5.3 Establishment of Accounts and Reserves.

(a) On the Effective Date or as soon as practicable thereafter, the Liquidating Trustee shall establish one or more accounts, which shall consist of all Cash belonging to the Liquidating Trust, including all Cash transferred to the Liquidating Trust pursuant to the Plan (the “General Account”); *provided, however*, that all Cash must be deposited with institutions covered by FDIC insurance.

(b) As soon as is practicable, the Liquidating Trustee shall establish a Disputed Claims Reserve from and within the General Account for the purposes of making distributions to any Holder of a Disputed Claim if such Claim becomes an Allowed Claim or, if such Disputed Claim becomes Disallowed, then to the Holders of Allowed Claims pursuant to the terms of the Plan. The Liquidating Trustee shall have sole discretion to determine the amount to be funded into the Disputed Claims Reserve, provided that such discretion is not exercised in a manner that is inconsistent with the express provisions of the Plan. Unless otherwise provided in the Plan or this Liquidating Trust Agreement, when such a Claim is Allowed or Disallowed (and thus becomes an Allowed Claim or a Disallowed Claim, in whole or in part), the funds set aside on account of such Claim shall be released from the reserve and shall be treated as funds available for distribution in accordance with the terms of the Plan and this Liquidating Trust Agreement.

(c) The Liquidating Trustee shall create, from time to time and as part of the General Account, reserves in amounts sufficient to pay (a) Trust Expenses (including compensation to the Liquidating Trustee and the Liquidating Trustee’s professionals) and (b) all Allowed Administrative Expense Claims, including Allowed Professional Fee Claims, to the extent such Claims are not otherwise accounted for in funds held by Debtor’s or the Liquidating Trustee’s counsel to fund Allowed Professional Fee Claims, Allowed Priority Tax Claims, Allowed Other Priority Claims, Allowed Secured Claims, and Allowed General Unsecured Claims. Consistent with the Plan, the Liquidating Trustee, in the Liquidating Trustee’s sole discretion, on and after the Effective Date, shall have authority to increase or decrease such reserves as appropriate.

(d) Except as otherwise provided in the Plan, Confirmation Order, and this Liquidating Trust Agreement, the Liquidating Trustee shall make distributions to Holders of Allowed Claims in accordance with the terms of the Plan in the exercise of the Liquidating Trustee’s sound discretion, based on, among other things, the amount of Cash on hand, the amount needed to fund any applicable reserves, including any reserves to cover the Trust Expenses, whether there remain any unpaid Allowed Administrative Expense Claims (including Allowed Professional Fee Claims), Allowed Priority Tax Claims, Allowed Other Priority Claims, Allowed Secured Claims, the amount of Disputed Claims and Claims not yet Allowed, and the amount of General Unsecured Claims that are Allowed at the time, and the status of any pending litigation, if any, affecting such distributions.

ARTICLE 6

BENEFICIARIES

6.1 Effect of Death, Incapacity, or Bankruptcy of Beneficiary. The death, incapacity, or bankruptcy of a Beneficiary during the term of the Liquidating Trust shall not

operate to terminate the Liquidating Trust during the term of the Liquidating Trust, nor shall it entitle the representatives or creditors of the deceased, incapacitated, or bankrupt Beneficiary to an accounting, or to take any action in any court or elsewhere for the distribution of the Plan Assets or for a petition thereof, nor shall it otherwise affect the rights and obligations of the Beneficiary's representatives and creditors (in such capacity) under this Liquidating Trust Agreement or in the Liquidating Trust.

6.2 Standing of Beneficiary. Except as may be expressly provided in this Liquidating Trust Agreement, the Plan, or the Confirmation Order, a Beneficiary does not have standing to direct the Liquidating Trustee to do or not to do any act or to institute any action or proceeding at law or in equity against any party (other than the Liquidating Trustee) upon or with respect to the Plan Assets.

6.3 Release of Liability by Beneficiary. A Beneficiary shall not relieve the Liquidating Trustee from any duty, responsibility, restriction, or liability that would otherwise be imposed under this Liquidating Trust Agreement unless such relief is approved by Final Order of the Bankruptcy Court.

ARTICLE 7

DISTRIBUTIONS

7.1 Distributions from Plan Assets. All payments to be made by the Liquidating Trustee to any Person or Entity shall be made only in accordance with the Plan, the Confirmation Order, and this Liquidating Trust Agreement, and from the Cash or Cash proceeds of Plan Assets, and only to the extent that the Liquidating Trust has sufficient Cash to make such payments in accordance with and to the extent provided for in the Plan, the Confirmation Order, and this Liquidating Trust Agreement. Any distribution made by the Liquidating Trustee in good faith shall be binding and conclusive on all interested parties, absent manifest error.

7.2 Distributions; Withholding. The Liquidating Trustee shall make distributions at such times, consistent with the terms of the Plan, the Confirmation Order, and this Liquidating Trust Agreement, as the Liquidating Trustee deems appropriate from all net Cash income and all other Cash proceeds received by the Liquidating Trust; *provided, however* that the Liquidating Trust may retain such amounts (i) as are reasonably necessary to meet known, anticipated and contingent liabilities and to maintain the value of the Plan Assets during the term of the Liquidating Trust; (ii) to pay reasonable administrative expenses, including, without limitation, the compensation and the reimbursement of reasonable costs, fees (including attorneys' and other professional fees), and expenses of the Liquidating Trustee in connection with the performance of the Liquidating Trustee's duties under this Liquidating Trust Agreement, the Plan, and the Confirmation Order; and (iii) to satisfy all other liabilities incurred or assumed by the Liquidating Trust (or to which the Plan Assets are otherwise subject) in accordance with the Plan, the Confirmation Order, and this Liquidating Trust Agreement. All such distributions shall be made, subject to any withholding or reserve, as provided in this Liquidating Trust Agreement, the Plan, or the Confirmation Order. Additionally, the Liquidating Trustee may withhold from amounts otherwise distributable on behalf of Beneficiaries any and all amounts, determined in the Liquidating Trustee's reasonable sole discretion, required by any law, regulation, rule, ruling, directive, or other governmental requirement. The Liquidating Trustee may withhold the entire distribution to any Holder of an Allowed Claim until such time as the Holder provides the

Liquidating Trustee with the necessary information to comply with any withholding requirements of any governmental unit.

Notwithstanding any other provision of this Liquidating Trust Agreement, (i) each Holder of an Allowed Claim that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such distribution; and (ii) no distribution shall be made to or on behalf of such Holder pursuant to this Liquidating Trust Agreement or the Plan unless and until such Holder has made arrangements satisfactory to the Liquidating Trustee for the payment and satisfaction of such withholding tax obligations or such tax obligation that would be imposed upon any disbursing agent in connection with such distribution. Any property to be distributed pursuant to this Liquidating Trust Agreement or the Plan shall, pending the implementation of such arrangements, be treated as an undeliverable distribution under this Liquidating Trust Agreement or the Plan.

7.3 Non-Cash Property. Any non-Cash property of the Liquidating Trust may be sold, transferred, or abandoned by the Liquidating Trustee. If, in the Liquidating Trustee's judgment, such property cannot be sold in a commercially reasonable manner, the Liquidating Trustee shall have the right to abandon or otherwise dispose of such property, including by donation of such property to a charity designated by the Liquidating Trustee. Except in the case of gross negligence, willful misconduct, or fraud, no party in interest shall have a cause of action against the Debtor, any manager, partner, director, officer, trustee, employee, consultant, or professional of the Debtor; the Liquidating Trust; the Liquidating Trustee; or any manager, partner, director, officer, trustee, employee, consultant, or professional of the Liquidating Trust or Liquidating Trustee arising from or related to the disposition of non-Cash property in accordance with this section.

7.4 Method of Cash Distributions. Any Cash payment to be made by the Liquidating Trust pursuant to the Plan will be in U.S. dollars and may be made, at the sole discretion of the Liquidating Trustee, by draft, check, wire transfer, or as otherwise required or provided in any relevant agreement or applicable law. Mailed distributions shall be sent to the address provided for the Holder of an Allowed Claim in its respective proof of claim filed with the Court or claims agent, if any, or if no proof of claim was filed, at the address provided on the Schedules or such Holder's last address known to the Debtor. The Liquidating Trustee shall not be required to locate the current address for any Holder of an Allowed Claim whose distribution is returned to the Liquidating Trustee as undeliverable, in accordance with Section 7.10 hereof.

7.5 Distributions on Non-Business Days. Any payment or distribution due on a day other than a Business Day shall be made, without interest, on the next Business Day.

7.6 Objections to Claims.

(a) Objection Procedures. From and after the Effective Date, in accordance with the terms of the Plan, the Liquidating Trustee shall have the exclusive authority, right, and standing (but shall not be obligated) to (i) object to and contest the allowance of any and all Claims; (ii) compromise and settle any Disputed Claim or Claim that has not otherwise been Allowed, without further notice to any party, or action, approval, or order of the Bankruptcy Court; and (iii) litigate to final resolution objections to Claims. No distribution shall be made pursuant to the Plan to a Holder of Claim, Disputed or otherwise, unless and until such Claim is or becomes an Allowed

Claim. All objections to Claims shall be filed with the Bankruptcy Court, and served upon the Holders of such Claims, on or before the deadline to object to Claims set forth in Article III.F.1. of the Plan.

(b) Resolution of Claims. The Liquidating Trustee shall have the exclusive right to (i) compromise and settle any Disputed Claim or Claim that has not otherwise been Allowed, upon agreement with the Holder of such Disputed Claim or Claim that has not otherwise been Allowed, without further Order or approval of the Bankruptcy Court; and (ii) litigate to final resolution objections to Claims.

(c) Unliquidated and Contingent Claims. Until such time as an unliquidated Claim, contingent Claim, or a contingent portion of a Claim becomes Allowed or is Disallowed, such Claim will be treated as a Disputed Claim for all purposes related to distributions. The Holder of an unliquidated or contingent Claim will be entitled to a distribution under the Plan only when and if such unliquidated or contingent Claim becomes an Allowed Claim.

7.7 Minimum Distributions. If the amount of Cash to be distributed to the Holder of an Allowed Claim would be less than \$50 on a particular distribution date or in the aggregate, no such distribution will be made to such Holder at the discretion of the Liquidating Trustee.

7.8 Rounding. Whenever payment or distribution of a fraction of a dollar of value whether in the form of Cash or Securities would otherwise be called for, the actual payment or distribution may, at the discretion of the Liquidating Trustee, reflect a rounding down of such fraction to the nearest whole dollar or zero if the amount is less than one-half of one dollar and a rounding up of such fraction to the nearest whole dollar if the amount is one-half or more of one dollar.

7.9 Setoff and Recoupment. The Liquidating Trustee may, to the extent permitted under applicable law, setoff or recoup against any Allowed Claim and any distributions to be made pursuant to the Plan on account of such Allowed Claim, the claims, rights, and Causes of Action of any nature that the Debtor or the Liquidating Trustee may hold against the Holder of such Allowed Claim that are not otherwise waived, released, or compromised in accordance with the Plan; *provided, however*, that neither such a setoff, recoupment, nor the allowance of any Claim, shall constitute a waiver or release by the Liquidating Trustee of any such claims, rights, and Causes of Action that the Debtor or the Liquidating Trustee possesses against such Holder; *provided further*, that neither the failure to effect such a setoff or recoupment nor the allowance of any Claim shall constitute a waiver or release by the Liquidating Trustee of any such Claims, rights, or Causes of Action that the Debtor, the Estate, or the Liquidating Trustee may possess against such Holder. Any Holder of an Allowed Claim subject to such setoff or recoupment reserves the right to challenge any such setoff or recoupment in the Bankruptcy Court or any other court with jurisdiction with respect to such challenge.

7.10 Undeliverable Distributions.

If the distribution to the Holder of any Allowed Claim is returned to the Liquidating Trust as undeliverable, no further distribution shall be made to such Holder, and the Liquidating Trustee shall have no obligation to make any further distribution to the Holder, unless and until the Liquidating Trustee is notified in writing of such Holder's then-current address. The Liquidating Trustee shall have no independent obligation to check or identify a current mailing address for any Holder of an Allowed Claim.

Any Entity that fails to claim any Cash within six (6) months from the date upon which a Plan Distribution is first made to such Entity shall forfeit all rights to any distribution under the Plan. Entities that fail to claim Cash under the Plan shall forfeit their rights thereto and shall have no claim whatsoever against the Debtor, the Estate, the Liquidating Trust, the Liquidating Trustee, or against any Holder of an Allowed Claim to whom Plan Distributions are made by the Liquidating Trustee. Undeliverable Cash or Securities shall not be entitled to any interest, dividends, or other accruals of any kind. Any check that is not cashed or otherwise deposited within six (6) months after the check's date shall be deemed an undeliverable distribution under the Plan.

Any Holder of an Allowed Claim that does not assert a Claim pursuant to the Plan for an undeliverable distribution within six (6) months after the first attempted delivery shall have its Claim for such undeliverable distribution expunged and shall be forever barred from asserting any such Claim against the Debtor, the Estate, the Liquidating Trust, the Liquidating Trustee, or their respective property. In such cases, any Cash held for distribution on account of such Claims shall be property of the Liquidating Trust, free of any restrictions thereon, and shall revert to the account from which such payment was originally issued to be distributed pursuant to the Plan. Nothing contained in the Plan shall require the Liquidating Trustee to attempt to locate any Holder of an Allowed Claim. Similarly, checks or drafts issued pursuant to the Plan to Persons holding Allowed Claims and not presented for payment within six (6) months following mailing thereof to the last known address of such Person shall be deemed nonnegotiable thereafter. Any Claim in respect of such distribution shall be discharged and forever barred from assertion against the Debtor, the Estate, the Liquidating Trust, the Liquidating Trustee, and their property. Any distribution which is deemed nonnegotiable shall re-vest in the Liquidating Trust and be available for distribution or donation consistent with the Plan.

ARTICLE 8

TAXES

8.1 Income Tax Status.

(a) It is intended that the Liquidating Trust be classified for federal income tax purposes as a liquidating trust pursuant to Treasury Regulations Section 301.7701-4(d) and IRS Revenue Procedure 94-45, 1994-2 C.B. 684 and as a "grantor trust" subject to the provisions of Subtitle A, Chapter 1, Subchapter J, Part I, Subpart E of the Tax Code that is owned by its Beneficiaries. Accordingly, the parties hereto intend that the Beneficiaries of the Liquidating Trust be treated as if they had received a distribution of the applicable assets transferred to the Liquidating Trust and then contributed such assets to the Liquidating Trust. As such, notwithstanding anything set forth herein, the transfer of assets to the Liquidating Trust shall be treated for all purposes of the Tax Code as a transfer from the Estate to creditors to the extent the creditors are Beneficiaries of the Liquidating Trust followed by a deemed transfer by the Beneficiaries to the Liquidating Trust. The Beneficiaries will be treated as grantors and deemed owners of the Liquidating Trust.

(b) All parties, including the Debtor, the Liquidating Trustee, and all Beneficiaries of the Liquidating Trust, must value all assets transferred to the Liquidating Trust consistently, and those valuations must be used for all federal, state, and local income tax purposes. The Liquidating Trustee must file returns for the Liquidating Trust as a grantor trust pursuant to Treasury Regulation Section 1.671-4(a). The assets shall be valued based upon the Liquidating

Trustee's good faith determination of their fair market value.

(c) Anything set forth herein to the contrary notwithstanding, the Liquidating Trust shall not receive or retain Cash or Cash equivalents in excess of a reasonable amount to meet claims and contingent liabilities or to maintain the value of Plan Assets during liquidation. All income of the Liquidating Trust must be subject to tax on a current basis, including income retained in the Disputed Claims Reserve. The taxable income of the Liquidating Trust will be allocated to and among Beneficiaries who are grantors of the Liquidating Trust as required by virtue of their being grantors and deemed owners of the Liquidating Trust, and they shall each be responsible to report and pay taxes due on their appropriate share of Liquidating Trust income.

(d) The Liquidating Trust shall be classified as a liquidating trust pursuant to Treasury Regulations Section 301.7701-4(d) and IRS Revenue Procedure 94-45, 1994-2 C.B. 684, and in the event of any inconsistency between any term or provision herein, in the Plan, or in the Confirmation Order necessary for the Liquidating Trust to be deemed at all times a liquidating trust pursuant to Treasury Regulations Section 301.7701-4(d) and IRS Revenue Procedure 94-45, 1994-2 C.B. 684 and any other term or provision herein, in the Plan, or in the Confirmation Order, the term(s) and provision(s) necessary for the Liquidating Trust to be deemed a liquidating trust pursuant to Treasury Regulations Section 301.7701-4(d) and IRS Revenue Procedure 94-45, 1994-2 C.B. 684 shall govern. Similarly, anything to the contrary set forth herein, in the Plan, or in the Confirmation Order notwithstanding, to the extent any term or provision herein, in the Plan, in the Confirmation Order would result in the Liquidating Trust not being classified as a liquidating trust at all times pursuant to Treasury Regulations Section 301.7701-4(d) and IRS Revenue Procedure 94-45, 1994-2 C.B. 684, such term or provision shall be ineffective and reformed to the extent necessary for the Liquidating Trust to be classified at all times as a liquidating trust pursuant to Treasury Regulations Section 301.7701-4(d) and IRS Revenue Procedure 94-45, 1994-2 C.B. 684.

(e) As used in this Liquidating Trust Agreement, the following terms shall have the following meanings:

“Tax Code” shall mean the Internal Revenue Code of 1986, 26 U.S.C. § 1 et seq., as amended from time to time, and corresponding provisions of any subsequent federal revenue act. A reference to a section of the Tax Code shall include a reference to any and all Treasury Regulations interpreting, limiting or expanding such section of the Tax Code; and

“Treasury Regulations” shall mean regulations promulgated under the Tax Code, including, but not limited to the Procedure and Administration Regulations, as such regulations may be amended from time to time.

8.2 Tax Returns. The Liquidating Trustee shall prepare and provide to, or file with, the appropriate parties such notices, tax returns, information returns, and other filings as may be required by the Tax Code and may be required by applicable law of other jurisdictions. The Liquidating Trustee shall be responsible for filing all required federal, state, and local tax returns and information returns of the Liquidating Trust. The Liquidating Trustee shall, when specifically requested by a Beneficiary in writing, make such tax information available to the Beneficiary for inspection and copying at the Beneficiary's expense, as is necessary for the preparation by such Beneficiary of its income tax return.

ARTICLE 9

TERMINATION OF TRUST

9.1 Term. The Liquidating Trust shall terminate on the date on which all of the Plan Assets are liquidated in accordance with the Plan, the funds in the Liquidating Trust have been completely distributed in accordance with the Plan, all tax returns and any other filings or reports have been filed with the appropriate state or federal regulatory authorities and the order closing the Chapter 11 Case is a Final Order or (b) five (5) years from the date of creation of the Liquidating Trust, unless extended by the Bankruptcy Court as provided herein. The Liquidating Trustee shall at all times endeavor to liquidate expeditiously the Plan Assets (or any non-Cash proceeds thereof), and in no event shall the Liquidating Trustee unduly prolong the duration of the Liquidating Trust. The foregoing notwithstanding, in the event that the Liquidating Trustee determines that all of the Plan Assets and/or proceeds thereof will not, despite reasonable efforts, be distributed by the date which is five (5) years from the date of creation of the Liquidating Trust, or for any other reason consistent with this Liquidating Trust Agreement and the Plan, and if warranted by the facts and circumstances, the Liquidating Trustee may petition the Bankruptcy Court to extend the term of the Liquidating Trust. Each and every such extension must be for a reasonable finite period based on the particular facts and circumstances, must be subject to the approval of the Bankruptcy Court and approved upon a finding that the extension is necessary to the liquidating purpose of the Liquidating Trust and must be approved by the Bankruptcy Court within six (6) months of the beginning of the extended term. At such time as the Liquidating Trust has been fully administered (*i.e.*, when all things requiring action by the Liquidating Trustee have been done, and the Plan has been substantially consummated) and in all events within sixty (60) days after the date of the final distribution under the Plan (the “Final Distribution Date”), the Liquidating Trustee will file an application for approval of the Liquidating Trustee’s final accounting and the entry of the final decree by the Bankruptcy Court. Upon final distribution pursuant to this Agreement, the Liquidating Trustee shall retain the books, records, and files that shall have been delivered to or created by the Liquidating Trustee. At the Liquidating Trustee’s discretion, all such records and documents may be destroyed at any time after two (2) years after the Final Distribution Date.

9.2 Event Upon Termination. Upon the termination of the Liquidating Trust, the Liquidating Trustee shall distribute the remaining Plan Assets (including any proceeds thereof), if any, consistent with the terms of this Agreement, the Plan, the Confirmation Order, or another order of the Bankruptcy Court.

9.3 Winding Up and Discharge of the Liquidating Trustee. For the purposes of winding up the affairs of the Liquidating Trust at its termination, the Liquidating Trustee shall continue to act as Liquidating Trustee until the Liquidating Trustee’s duties have been fully discharged. After doing so, the Liquidating Trustee, and the Liquidating Trustee’s agents, employees, and professionals, shall have no further duties or obligations hereunder, except as required by this Liquidating Trust Agreement, the Plan, the Confirmation Order, or applicable law concerning the termination of a trust. Upon a motion by the Liquidating Trustee, the Bankruptcy Court may enter an order discharging the Liquidating Trustee, and the Liquidating Trustee’s agents, employees, and professionals, and relieving them of any further duties.

ARTICLE 10

ADMINISTRATIVE EXPENSES

10.1 Funding. The costs and expenses of the Liquidating Trust, including, without limitation, the compensation to and the reimbursement of reasonable, actual, and necessary costs, fees (including attorneys’ and other professional fees), and expenses of the Liquidating Trustee in

connection with the performance of the Liquidating Trustee's duties in connection with the Plan and this Liquidating Trust Agreement, including the Trust Expenses, shall be paid from the applicable reserves or Plan Assets without the necessity for any approval by the Bankruptcy Court (the "Trustee's Administrative Expense Fund"). The Trustee's Administrative Expense Fund shall not be subject to charge for claims against the Liquidating Trust or the Plan Assets (including any proceeds thereof), including, without limitation, any claims under Section 4.1 of this Agreement.

ARTICLE 11

MISCELLANEOUS PROVISIONS

12.1 Amendments. The Liquidating Trustee may propose to the Bankruptcy Court the modification, supplementing, or amendment of this Liquidating Trust Agreement. Such proposed modification, supplementing, or amendment shall be in writing and filed with the Bankruptcy Court. Unless otherwise ordered by the Bankruptcy Court, notice of such filing shall be served on the Post-Effective Date Notice List. No modification, supplementing, or amendment of this Liquidating Trust Agreement shall be effective except upon a Final Order of the Bankruptcy Court.

12.2 Waiver. No failure by the Liquidating Trustee or any Beneficiary to exercise or delay in exercising any right, power, or privilege hereunder shall operate as a waiver, nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any further exercise thereof, or of any other right, power, or privilege.

12.3 Cumulative Rights and Remedies. The rights and remedies provided in this Liquidating Trust Agreement are cumulative and are not exclusive of any rights under law or in equity.

12.4 Irrevocability. The Liquidating Trust is irrevocable.

12.5 Division of Trust. Under no circumstances shall the Liquidating Trustee have the right or power to divide the Liquidating Trust unless authorized to do so by the Bankruptcy Court.

12.6 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of California, without giving effect to rules governing the conflict of laws.

12.7 Retention of Jurisdiction. To the fullest extent permitted by law, the Bankruptcy Court shall retain exclusive jurisdiction over the Liquidating Trust after the Effective Date, including, without limitation, jurisdiction to resolve any and all controversies, suits, and issues that may arise in connection therewith, or this Liquidating Trust Agreement, or any Person or Entity's obligations incurred in connection therewith or herewith, including, without limitation, any action against the Liquidating Trustee or any professional retained by the Liquidating Trustee or the Liquidating Trust, in each case in its capacity as such. Each party to this Liquidating Trust Agreement hereby irrevocably consents to the exclusive jurisdiction of the Bankruptcy Court in any action to enforce, interpret, or construe any provision of this Liquidating Trust Agreement, or of any other agreement or document delivered in connection with this Liquidating Trust Agreement, and also hereby irrevocably waives any defense of improper venue, *forum non conveniens*, or lack of personal jurisdiction to any such action brought in the Bankruptcy Court. Each party further irrevocably agrees that (i) any action to enforce, interpret, or construe any provision of this Liquidating Trust Agreement will be brought only in the Bankruptcy Court and

(ii) all determinations, decisions, rulings, and holdings of the Bankruptcy Court shall be final and non-appealable and not subject to reargument or reconsideration. Each party hereby irrevocably consents to the service as set forth in Section 12.10 of this Liquidating Trust Agreement or such other address as such party may designate from time to time by notice given in the manner provided above, of any process in any action to enforce, interpret, or construe any provision of this Liquidating Trust Agreement.

12.8 Severability. In the event that any provision of this Liquidating Trust Agreement or the application thereof to any person or circumstance shall be determined by the Bankruptcy Court or another court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Liquidating Trust Agreement, or the application of such provision to persons or circumstances, other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and such provision of this Liquidating Trust Agreement shall be valid and enforced to the fullest extent permitted by law.

12.9 Limitation of Benefits. Except as otherwise specifically provided in this Liquidating Trust Agreement, the Plan, or the Confirmation Order, nothing herein is intended or shall be construed to confer upon or to give any person other than the parties hereto and the Beneficiaries any rights or remedies under or by reason of this Liquidating Trust Agreement.

12.10 Notices. All notices, requests, demands, consents, and other communications hereunder shall be in writing and shall be deemed to have been duly given, if delivered in person, by facsimile with an electromechanical report of delivery, sent by overnight courier or by registered or certified mail with postage prepaid, return receipt requested, or sent via electronic mail to the following addresses (as applicable to the particular notice, request, demand, consent, or other communication at issue).

If to the Debtor:

Raines Feldman Littrell LLP Riley
Attn: Hamid Rafatjoo
1900 Avenue of the Stars, 19th Floor
Los Angeles, CA 90067
Email: hrafatjoo@raineslaw.com

If to the Liquidating Trustee:

Force 10 Partners, LLC Attn:
Nicholas Rubin
5271 California Ave., Suite 270
Irvine, CA 92617
Email: nrubin@force10partners.com

The parties may designate in writing from time to time other and additional places to which notices may be sent. All demands, requests, consents, notices, and communications shall be deemed to have been given (i) at the time of actual delivery thereof if by facsimile or electronic mail; (ii) if given by certified or registered mail, five (5) Business Days after being deposited in the United States mail, postage prepaid, and properly addressed; or (iii) if given by overnight courier, the next Business Day after being sent, charges prepaid, and properly addressed.

12.11 Further Assurances. From and after the Effective Date, the parties hereto

covenant and agree to execute and deliver all such documents and notices and to take all such further actions as may reasonably be required from time to time to carry out the intent and purposes of this Liquidating Trust Agreement, and to consummate the transactions contemplated hereby.

12.12 Integration. This Liquidating Trust Agreement, the Plan, and the Confirmation Order constitute the entire agreement, by and among the parties with respect to the subject matter hereof, and there are no representations, warranties, covenants, or obligations except as set forth herein, in the Plan, or in the Confirmation Order. This Liquidating Trust Agreement, together with the Plan and the Confirmation Order, supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, written or oral, of the parties hereto, relating to any transaction contemplated hereunder.

12.13 Successors or Assigns. The terms of this Liquidating Trust Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

12.14 Interpretation. The enumeration and section headings contained in this Liquidating Trust Agreement are solely for convenience of reference and shall not affect the meaning or interpretation of this Liquidating Trust Agreement or of any term or provision hereof. Unless context otherwise requires, whenever used in this Liquidating Trust Agreement, the singular shall include the plural and the plural shall include the singular, and words importing the masculine gender shall include the feminine and the neuter, if appropriate, and vice versa, and words importing persons shall include partnerships, associations, corporations, limited liability partnerships, limited liability companies, and similar entities. The words herein, hereby, and hereunder, and words with similar import, refer to this Liquidating Trust Agreement as a whole and not to any particular section or subsection hereof unless the context requires otherwise.

12.15 Relationship to the Plan. The principal purpose of this Liquidating Trust Agreement is to aid in the implementation of the Plan and, therefore, this Liquidating Trust Agreement incorporates and is subject to the provisions of the Plan and the Confirmation Order. In the event that any provision of this Liquidating Trust Agreement is found to be inconsistent with a provision of the Plan or the Confirmation Order, the provisions of the Plan or the Confirmation Order shall control.

12.16 Counterparts. This Liquidating Trust Agreement may be signed by the parties hereto in counterparts, each of which shall be deemed an original, and which, when taken together, shall constitute one and the same document. Delivery of any executed counterpart may be in “wet ink” form, via telecopy, or via electronic transmission attaching a copy in pdf format or the like.

IN WITNESS WHEREOF, the parties hereto have either executed this Liquidating Trust Agreement, or caused it to be executed on its behalf by its duly authorized officer, all as of the date first above written.

DEBTOR:

RELIANT LIFE SHARES, LLC

By: _____
Nicholas D. Rubin, Chief Restructuring
Officer

LIQUIDATION TRUSTEE:

Nicholas Rubin, in his capacity as Liquidating Trustee of the
Reliant Life Shares Liquidating Trust

EXHIBIT 2

RELIANT LIFE SHARES, LLC
LITIGATION TARGET LIST

All former officers, directors, and managers of Reliant Life Shares, LLC

All current and former members of Reliant Life Shares, LLC

All counsel who represented Reliant Life Shares, LLC prior to the appointment of the Receiver, including Christopher Stevens and LKP Global, now known as Prospera Law LLP

All current and former trustees of the Reliant Life Shares Series Statutory Trust, including Bank of Utah and UMB Bank, N.A.

Any entity or individual who received funds from Reliant Life Shares, LLC, where Reliant Life Shares, LLC, did not receive reasonably equivalent value, including recipients of payments from Reliant Life Shares for (1) obligations that were not owed by Reliant Life Shares, LLC, or (2) assets acquired by someone other than Reliant Life Shares. Specific recipients cannot be identified at this time because the forensic accounting is ongoing.

All of Reliant Life Shares, LLC's former sales agents, including any corporations through which they operated, and affiliates and employees of Reliant Life Shares, LLC, including but not limited to:

Benjamin Moher
Bret Borchert
Brian Clark
Craig Ponder, Sr.
David Underwood
Eric Wolitzky
Glenn Nitta
Greg Rom
Jovan Michael
Kelly Woo
Larry Tupler
Luke Walker
Mack Brown
Chris Erwin
Mark Sansoucy
Paul Roy
Vincent Bovino
Conner Grady
Alexandra Grady
Andrew Murphy
Chris Erwin
Sebastian Grady
Gerry Moore

Shawn Davenport
Clint Lewis
Maria Padilla
Brent Bochert
Susan Sprieck
Aleksander Dyo
Nina Mahdavi
Jochen Faas
David Braun
Wolfgang Steinberg
William Ramirez
Alma Ramirez
Steve Symons
Jessica Jimenez
Heather Gunter
Nina Estrella
Ben Mohr
Greg Skogsberg
Mogens Pedersen
Fei Havenor
James Johnson
Luke Walker
Larry Bagby
Richard Lujan
Michael Flood Jr.
David Day
Joanna Noey
Dale Tenhulzen
Ronald Lederkramer
Joseph Astalos
Barry Neal
Irving Katz
Bruce Weide
Garrt Swayne
Eszylfie Taylor
Gary Opp
Marvin Tarnol
Ronald C. Lester Jr.
Tyler Wilkinson
Anthony Palermino
Joe Seaton
Mario Caston
Robin Reeves
Harold Lustig
Robert Eldridge
Alan Cook
Craig Ponder Sr.

Denielle Cerny
Jeff Gultinan
Brent Borchert
Deborah Kahl
Gary Burke
Jeffrey White
Joel Bachner
Rich Coffin
Andrew Voth
Arthur Stein
Bethe Renge
Clifford Kolson
Dzung Pham
Ed Sanders
Nicole Rex
Alvin Parra
Andrew Lee
Arif Halaby
Charles Layton
Corey Weiss
Fatema Jass
Gabriel Robles
Harold Goldman
Jerome Deterding
John Wood
Joyce Liang
Laura Barnhart
Mike Freshley
Rick Anderssen
Rick Miller
Scott Thurman
Theodore Anderson
Walter Daniel Ortiz
Bo Peng
Cory Ryan Burnell
David Ortiz
Francisco Cueva
Hector Hernandez
Icilda Sanford
Irma Jauregui
J. Saul Quiroz
Jeff Ferretta
John Jill
Kenneth Yun
Lance Krieger
Marshall Wise
Mel Aguilar

Rick Boscarino
Robert Corral
Scott Powers
Wade Lahmann

EXHIBIT 3

Reliant Life Shares - Chapter 11 Plan Recovery Analysis

Chapter 11 Plan Recovery Analysis, estimated as of Effective Date 11/30/2025

	Estimated Value - Proposed Plan ^(1a)	Estimated Value - Proposed Plan ^(1b)	Estimated Value - Proposed Plan ^(1c)	Estimated Value - Hypothetical Ch. 7 Liquidation
A. Asset Proceeds				
Cash on Hand ⁽²⁾	\$ 498,468	\$ 498,468	\$ 498,468	\$ 498,468
Accounts Receivable ⁽³⁾	\$ 664,442	\$ 664,442	\$ 664,442	\$ -
Policies ⁽⁴⁾	\$ 59,800,000	\$ 59,800,000	\$ 59,800,000	\$ 12,287,681
Professional Retainers	\$ 535,000	\$ 535,000	\$ 535,000	\$ 535,000
Retained Causes of Action ⁽⁵⁾	\$ 2,500,000	\$ 5,000,000	\$ 10,000,000	Unknown
Total Asset Proceeds	\$ 63,997,910	\$ 66,497,910	\$ 71,497,910	\$ 13,321,149
	<i>Estimated Recovery</i>	<i>Estimated Recovery</i>	<i>Estimated Recovery</i>	<i>Estimated Recovery</i>
B. Secured Claims, Reserved Claims and Liquidation Costs				
Class 1a ⁽⁶⁾	\$ 71,232	\$ 71,232	\$ 71,232	\$ 71,232
Class 1b ⁽⁷⁾	\$ 4,584,559	\$ 4,584,559	\$ 4,584,559	\$ 14,974,812
Accrued and Unpaid Professional Fees ⁽⁸⁾	\$ 3,268,077	\$ 3,268,077	\$ 3,268,077	\$ 3,268,077
Administrative Expense Claims ⁽⁹⁾	\$ 1,839,081	\$ 1,839,081	\$ 1,839,081	\$ 7,230,405
Priority Claims	\$ -	\$ -	\$ -	\$ -
UST Fees	\$ 608,573	\$ 688,573	\$ 768,573	\$ -
Total Administrative, Priority and Secured Claims	\$ 10,371,521	\$ 10,451,521	\$ 10,531,521	\$ 25,544,526
C. Post Effective Date Expenses				
Trust administration (Net of Income)	\$ 2,500,000	\$ 3,500,000	\$ 4,500,000	\$ -
Ch 7 Trustee Fees (3% of Asset Proceeds)	\$ -	\$ -	\$ -	\$ 399,634
Ch 7 Professional Expenses	\$ -	\$ -	\$ -	\$ 1,000,000
Total Costs to Liquidate Assets	\$ 2,500,000	\$ 3,500,000	\$ 4,500,000	\$ 1,399,634
Net Available Proceeds for General Unsecured Claims	\$ 51,126,388	\$ 52,546,388	\$ 56,466,388	\$ (13,623,011)
D. General Unsecured Claims				
Class 3a ⁽¹⁰⁾	\$ 53,987,689	\$ 53,987,689	\$ 53,987,689	\$ -
Class 3b ⁽¹¹⁾	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ -
Class 3c ⁽¹²⁾	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ -
Class 3d ⁽¹³⁾	\$ 71,012,311	\$ 71,012,311	\$ 71,012,311	\$ 125,000,000
Equity Interests	N/A	N/A	N/A	N/A
Total General Unsecured Claims	\$ 135,000,000	\$ 135,000,000	\$ 135,000,000	\$ 125,000,000
Implied Percentage Recovery for Active Investors in Class 3a	94.7%	97.3%	100.0%	0.0%

Notes to Plan Recovery Analysis
(1a) Proposed Plan - Low Case: Assumes no material recovery from pending litigation claims. Total distributable value reflects only core business operations and liquidation of non-core assets, with \$2.5mm litigation value included.
(1b) Proposed Plan - Mid Case: Assumes partial recovery of litigation against former owners, agents, and/or third parties. Recovery is estimated at \$7.5mm.
(1c) Proposed Plan - High Case: Assumes a favorable outcome across all major litigation matters, including potential punitive damages. This scenario contemplates successful prosecution of claims related to misconduct by financial institutions and sales representatives, with a substantial net recovery to the estate. Total estimated recovery is \$15mm.
(2) Cash on Hand - This amount may increase based on the sale of excess policies.
(3) Accounts Receivable - This includes the total amount placed on payment plans and account fees owed by investors.
(4) Policies - The value of the policies in the Proposed Plan reflects the total death benefit. The value of the policies in a Chapter 7 liquidation represents the estimated maximum realizable value, as determined by the CRO and Industry Expert, assuming the policies were sold as of the Effective Date (NPV 15%). Assumes the trustee utilizes the debtor's grantor interest in the trust to transfer the policies to the estate.
(5) Retained Causes of Action - All Retained Causes of Action continue to be investigated and the aggregate value and collectability of the Retained Causes of Action can range from \$1mm to \$20mm.
(6) Class 1a - Secured Judgement Lien Claims of E Substance and Mikhail Finkelbaum.
(7) Class 1b - Allowed Secured Claim of the Cooper Parties.
(8) Accrued and Unpaid Professional Fees - Reflects the total amount of professional fees accrued and estimated to be incurred and not paid prior to the Effective Date.
(9) Administrative Expense Claims - Includes all amounts collected post-petition, as well as fees and expenses incurred by parties during the receivership.
(10) Class 3a - Allowed General Unsecured Claims filed by Investors related to active positions in the Original Trust or the New Trust including those in the sub-trust that held the matured life insurance policy LH6768, who were active as of the Effective Date and continue to pay premiums through the maturity of all policies.
(11) Class 3b - Allowed Unsecured Claim of the Cooper Parties, trade claims, and all General Unsecured Claims other than those in Class 3a, 3c, or 3d.
(12) Class 3c - Subordinated Claim of the Cooper Parties.
(13) Class 3d - Subordinated Claims of Investors Related to Forfeited Positions Who Have Assigned Personal Claims to the Estate.

EXHIBIT 4

Billing Reference	Total Death Benefit
SJ2361*	\$6,750,000.00
KM2697	\$6,000,000.00
FR1977	\$10,000,000.00
MS0229	\$5,000,000.00
PC4205*	\$1,500,000.00
EJ3741*	\$1,500,000.00
MH8921*	\$8,500,000.00
LS4268	\$5,000,000.00
SR5034*	\$400,000.00
VR7091	\$900,000.00
SC7176	\$2,000,000.00
HM7387	\$4,000,000.00
SA6304	\$5,000,000.00
BL5053	\$1,800,000.00
DB6208	\$2,000,000.00
GN4954	\$4,000,000.00
RR1674	\$2,000,000.00
AH8411	\$4,500,000.00
FE2911	\$5,000,000.00
GJ9510	\$5,000,000.00
SZ6215-J	\$4,800,000.00
SZ3540-T*	\$4,800,000.00
SZ0186-A*	\$4,800,000.00
WP7826	\$3,800,000.00

* Policies marked with an asterisk are those that the Debtor is seeking to sell and which, if not sold, may be permitted to lapse.