

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION
www.flsb.uscourts.gov

IN RE: Lead Case No.: 12-30081-BKC-EPK
CLSF III IV, Inc., *et al.*, Chapter 7
Debtors. (Jointly Administered)

TRUSTEE’S EMERGENCY MOTION FOR ENTRY OF AN ORDER: (I) AUTHORIZING SALE OF ASSETS FREE AND CLEAR OF INTERESTS; (II) APPROVING BIDDING PROCEDURES; (III) SCHEDULING HEARING TO CONSIDER APPROVAL OF PROPOSED SALE AND (IV) APPROVING FORM AND MANNER OF NOTICE THEREOF (EXPEDITED HEARING REQUESTED)

Basis for Emergency Hearing

The Trustee respectfully requests the Court conduct an emergency hearing on this Motion on or before August 8, 2013, as the Trustee needs to the Court to approve the form of notice and bidding procedures immediately so as to provide sufficient time for bidders to complete due diligence and qualify to bid at the auction.

Trustee Deborah C. Menotte (“Trustee”), by and through her undersigned counsel, pursuant to Sections 363(b) and (f) of the Bankruptcy Code, 11 U.S.C. 101-1532 and Rules 2002(a)(2), 2002(c)(1), and 6004 of the Federal Rules of Bankruptcy Procedure, moves for the entry of an Order:¹ (i) authorizing the sale of assets of the estate free and clear of interests; (ii) approving bidding procedures; (iii) scheduling a hearing to consider approval of the proposed sale; and (iv) approving the form and manner of notice thereof (the “Motion”). In support of the Motion, the Trustee respectfully represents as follows:

¹ A proposed form of Order providing for the relief sought herein is annexed as Exhibit “C.”

PRELIMINARY STATEMENT

1. By this Motion, the Trustee requests Court approval and authority to implement a sale process through which the Trustee can sell the Trustee's interest in certain insurance policies identified more specifically below and on the attached **Composite Exhibit "A,"** which sets forth the policies owned by the specified Debtors ("Debtor Policies"), as well as the policies ("Non-Debtor Policies" and, with the Debtor Policies, the "Policies," each a "Policy") owned by certain of the Alter Ego Entities (the "Alter Ego Entities") as that term is defined in footnote 3 of this Court's January 17, 2013 Order (the "Alter Ego Order") [ECF# 145] Resolving Count's I, III, and IV of the Adversary Complaint in *Menotte, et al. v. Behl Corporation, et al.* [Adv. Pro. No. 12-01889-EPK], (the "Alter Ego Adversary Proceeding"). The Debtors owning policies that are to be sold include: CLSF XXXV, Inc., The Gluck TR Corporation, CLSF XVII, Inc., BGI 6 Life, Inc., CLSF I, Inc., CLSF III IV, Inc., LSF VI, Inc., LSF III, Inc., CLSF VII, Inc., Ryan Trust Corp., CLSF XL, Inc., BGI XVII, Inc., and CLSF XIV, Inc.,. The Alter Ego Entities owning policies that are to be sold include CLSF XXVI, CLSF XXXVIII, Inc., CLSF XII, Inc., CLSF XIV, Inc., BGI XXIV Corp., The LIP II Trust Corp., CLSF XLII A, CLSF XVIII, Inc., BGI XVIII Corp., BGI XIX Corp., and BGI XXII, Corp. The Trustee believes that the sale process proposed hereby will permit the most efficient disposition of the Policies and result in maximum recovery for all stakeholders.

I. BACKGROUND

A. General Background

2. This case was commenced on August 22, 2012, by the filing of an involuntary Chapter 7 petition against CLSF III IV, Inc.

3. On August 24, 2012, an evidentiary hearing was held in the main case on the Emergency Motion to Appoint Trustee [ECF# 3]. Deborah C. Peck appeared and testified at the hearing.

4. The Emergency Motion to Appoint Trustee was granted, and on August 28, 2012, a Notice of Appointment of Deborah Menotte as Interim Chapter 7 Trustee was filed with the Court [ECF# 17]. On March 19, 2013, Deborah Menotte became the permanent Chapter 7 Trustee in each of the jointly administered cases. *See*, Order on Motion for Resolution of Disputed Elections [ECF# 320].

5. On September 7, 2013, the Alter Ego Adversary Proceeding was filed. Part of the relief sought in the Complaint included a request that the Court enter an injunction prohibiting the transfer of any insurance policies or other assets of the Defendants including Deborah C. Peck and any entity she owned or controlled.

6. On September 10, 2012, the Trustee filed an Emergency Motion for Temporary Restraining Order and for a Preliminary Injunction [ECF # 2] in the Alter Ego Adversary Proceeding seeking entry of an Order enjoining and restraining Deborah C. Peck from transferring, selling, dissipating, wasting, encumbering, or otherwise hypothecating any assets.

7. The Court entered the preliminary injunction on September 17, 2012 in the Alter Ego Adversary, enjoining and restraining Deborah C. Peck from transferring, selling, dissipating, wasting, encumbering or otherwise hypothecating any assets [ECF# 28]; as amended by [ECF# 40].

8. This Court entered the Alter Ego Order on January 17, 2013 in the Alter Ego Adversary Proceeding [ECF# 88]. The Alter Ego Order was also entered on the docket in the main case [ECF# 145].

9. Thirty-two affiliates (the “Affiliates”) of the Debtor (together with the Debtor, collectively, the “Debtors”) filed voluntary petitions for relief under Chapter 7 of the Bankruptcy Code between October 24, 2012 and November 7, 2012.

10. On December 11, 2012, the Chapter 7 cases of the Debtors were jointly administered pursuant to this Court’s *Order of Joint Administration of Related Cases With CLSF III IV, Inc. as Lead Case* [ECF# 120].

11. Some of the Debtors are the owners of, and beneficiaries under, certain life insurance policies, which are property of certain of the Debtors’ estates. Some of the other Debtors had interests in lapsed or sold policies that the Debtors’ are trying to recover.

12. Through this Motion, the Debtors are seeking to sell both the Debtor Policies and Non-Debtor Policies owned by the Alter Ego Entities.

13. After the entry of the Alter Ego Order, this Court, *sua sponte*, entered an Amended Alter Ego Order [ECF# 304] that, in pertinent part, removed Paragraph 2(c) that had authorized the [] Trustee to "administer all assets of the Alter Ego Entities for the benefit of the Debtor's estate, using the [] Trustee's best business judgment." Upon information and belief, this amendment was done to prevent a de-facto substantive consolidation of the Alter-Ego entities with the Debtor, CLSF III IV, Inc., prior to proper notice being provided to all parties in interest. By this Motion, the Trustee respectfully requests that this Court authorize the sale of the Non-Debtor Policies owned by the Alter Ego Entities, subject to all proceeds derived therefrom being held in escrow pending the outcome of this Court's determination on the Amended Motion to Consolidate Cases [ECF# 415], or further order of this Court.

14. Failure to authorize the sale of the Non-Debtor Policies owned by the Alter Ego Entities will result in irreparable harm to all of the constituencies in this case, as the policies will lapse if they are not sold forthwith.

B. Marketing Efforts

15. The Trustee has actively marketed and solicited offers from various potential purchasers for a sale of the Policies. These efforts culminated in extensive discussions with several parties who are interested in purchasing the Policies. There is no current stalking horse bidder, but the Trustee seeks the authority to name a stalking horse bidder up to seven (7) days prior to the auction date.

II. PROPOSED BIDDING PROCEDURES

A. The Proposed Bidding Procedures Are in the Best Interests of the Debtors' Estate, Creditors and Other Interested Parties

16. The Trustee will conduct an auction of the Policies to obtain the best price(s) therefor. At the auction sale, interested bidders may bid upon one or more² of the Policies, with an opening minimum bid of the Preliminary Successful Bids (as defined below). Interested bidders may then seek to increase their bids and outbid each other until one bid is determined to constitute the "highest and best" offer for each Policy or group of Policies. **It is intended that the auction be conducted by, and at the offices of, Trustee's counsel at Berger Singerman LLP, 350 E. Las Olas Boulevard, Suite 1000, Fort Lauderdale, FL 33301; and will be held on September 11, 2013 at 11:00 a.m. EDT.**

17. Thereafter, the Trustee will determine the "highest and best" and most acceptable bid for the Policies and seek Bankruptcy Court approval of that sale at a hearing to be conducted

² The Policies may be sold either individually, in groups, or as a whole.

on **September 12, 2013** at _____ EDT at the **United States Bankruptcy Court, 1515 North Flagler Drive, 8th Floor, West Palm Beach, FL 33401**

18. The Trustee has concluded that the auction process proposed hereby will likely generate the highest possible sale price for the Policies and will be in the best interests of creditors. The Trustee seeks approval of the following bidding procedures as the procedures most likely to maximize the realizable value of the Policies (the “Bidding Procedures”):

B. Proposed Bidding Procedures

19. Due Diligence. Commencing immediately and continuing through the date of the Bidder Qualification Deadline (as hereinafter defined) interested parties shall be afforded the opportunity to conduct due diligence regarding the Policies; provided, however, that the Trustee reserves the right to require that each such party shall have executed and delivered to the Trustee a confidentiality agreement in the form prescribed by the Trustee. The Trustee will provide reasonable access to the Debtors’ books and records pertaining to the Policies prior to the Bidder Qualification Deadline.

20. Qualification to Bid. Any interested party (“Bidder”) must do the following, so as to be received not later than 5:00 o’clock p.m. (Eastern Daylight Time) on **September 9, 2013** (“Bidder Qualification Deadline”), in order to qualify and become a bidder at the Auction (“Qualified Bidder”):

(a) *Asset Purchase Agreement.* Submit to the Trustee at the offices of Berger Singerman LLP, 350 E. Las Olas Boulevard, Suite 1000, Fort Lauderdale, FL 33301 (Attn: Leslie Gern Cloyd, Esq.), an Asset Purchase Agreement, in substantially the same form as is attached hereto as **Exhibit “B.”** for purchase of one or more of the Policies, executed by such Bidder, subject to the following additional requirements:

(i) in no event shall the Asset Purchase Agreement be contingent upon: (i) financing; (ii) the completion of unperformed due diligence; or (iii) the obtaining of approvals from the Bidder’s board of directors or other internal approvals or consents;

(ii) the Asset Purchase Agreement shall be subject to approval by the Bankruptcy Court and to higher and better offers; and

(iii) the Asset Purchase Agreement shall provide for a closing (the "Closing") not later than 2 business days after the entry of the Sale Approval Order (as hereinafter defined).

(b) *Deposit.* Remit a cashiers' or certified check payable to the order of "Berger Singerman LLP Trust Account" for the benefit of the Debtors' estates, in immediately available funds aggregating the greater of \$10,000.00 or ten percent (10%) of the Bidder's initial offer on the Policy or Policies as contained in such Qualified Bidders' Asset Purchase Agreement submitted to the Trustee, or may wire the funds so as to be received by the Bidder Qualification Deadline (the "Deposit"). Wire instructions may be obtained by contacting Leslie Gern Cloyd, Esq. at lcloyd@bergersingerman.com.

(c) *Financial Ability.* The Bidder must be financially able to consummate the purchase of one or more of the Policies and shall provide: (a) evidence satisfactory to the Trustee, in her discretion, that the Bidder is financially capable of unconditionally performing all obligations under the Asset Purchase Agreement; or (b) a firm commitment from a financial institution, which the Trustee deems satisfactory in her discretion, to provide financing for the purchase of one or more of the Policies, and containing no contingencies other than the bid being deemed the Final Successful Bid (as defined below).

(d) *Disclosure of Relationship.* Bidders are required to disclose via an affidavit any relationship to the Trustee, the Debtors, any creditor, or any of such parties' principals.

21. Highest and/or Best Bid. After the Bidder Qualification Deadline has passed, the Trustee shall determine which Bidders constitute Qualified Bidders, if any, and which Qualifying Bid(s) constitutes the highest or otherwise best and acceptable offer for each Policy or Policies (the "Preliminary Successful Bids"). Following the selection of the Preliminary Successful Bids, on the day of the auction, the Trustee shall conduct an "open outcry" auction (an "Auction") for the Policies.

22. Auction. The Auction will be conducted in accordance with procedures that the Trustee determines will achieve the maximum realizable value for the Policies. The procedures shall be announced at the commencement of the Auction. The Trustee may terminate the Auction at any time and for any reason, and reserves the right to withdraw the assets from the Auction.

(a) *Time and Location of Auction.* It is intended that the Auction take place on **September 11, 2013 at 11:00 a.m EDT**, and that it be held at the offices of Berger Singerman LLP, 350 E. Las Olas Boulevard, Suite 1000, Fort Lauderdale, FL 33301.

(b) *Attendance at Auction.* Only the Bidders that have submitted a Qualifying Bid shall be entitled to attend and participate at the Auction. Bidders must be physically present at the Auction and are urged to have counsel present, or in the alternative, Bidders must make prior arrangements to be present at the Auction telephonically. Such arrangements must be made with counsel for the Trustee, Leslie Gern Cloyd, who can be contacted by phone at (954)712-5125 or via email at lcloyd@bergersingerman.com.

(c) *Bidding, Minimum Increments, etc.* Bidding shall commence at the amount and on the terms specified in the Preliminary Successful Bid for each Policy or Policies, which shall be announced by the Trustee at the commencement of the Auction. Bidders may submit successive bids either in increments of \$2,500.00 or greater than the prior bid for the purchase of one or more of the Policies. The Trustee shall have the right, in her discretion, to increase or decrease the successive bids increments. Bidding shall continue until there is only one bid for each Policy and/or the Policies that the Trustee has determined to be the highest and best acceptable offer for the Policy or Policies (the "Final Successful Bids").

(d) *Successful Bidder(s).* At the conclusion of the Auction, the Trustee shall announce the Final Successful Bid for each Policy or group of Policies, and shall announce a back-up bid(s) ("Back-Up Bid(s)") that the Trustee has determined to be the second highest and best acceptable offer(s) for the Policy or Policies. At the Sale Hearing, the Trustee shall present the Final Successful Bids and Back-Up Bids to the Bankruptcy Court for approval.

(e) *Reservation of Rights.* The Trustee shall have the right, in her discretion, to: (i) request of the Court, without further notice, to adjourn the Auction; and (ii) withdraw any Policy or Policies from the Auction at any time prior to or during the Auction.

23. Sale Hearing. A hearing (the "Sale Hearing") will be conducted at _____ **a.m./p.m. EDT, on September 12, 2013** at the United States Bankruptcy Court, 1515 North Flagler Drive, 8th Floor, West Palm Beach, FL 33401, at which time the Trustee will present (i) the Final Successful Bid and (ii) the Back-Up Bids for approval by the Court, pursuant to the provisions of Sections 363(b) and(f) of the Bankruptcy Code.

24. Closing/Back-Up Bids. Within two business days following the conclusion of the Sale Hearing, on or before **September 16, 2013 at 4:00 p.m. EDT**, the makers of the Final

Successful Bids must pay the balance of their offer(s) in full (“Final Payment”). If any of the maker(s) of the Final Successful Bids fails to make the Final Payment, it shall be in default in material breach of the Asset Purchase Agreement (a “Failed Bid”). Within two business days after default, the Trustee shall notify the Back-Up Bidders of the Failed Bid on the relevant Policy or Policies, and the Back-Up Bid(s) on such Policy or Policies shall be deemed the Final Successful Bids so long as the maker of the applicable Back-Up Bid delivers the Final Payment within two business days after being notified that its Bid has been deemed the Final Successful Bid. If the maker of any Back-Up Bid fails to make the Final Payment, it shall also be deemed to have made a Failed Bid. The maker of any Failed Bid shall forfeit its Deposit to the Debtors’ estates. All deposits must be payable to Berger Singerman LLP Trust Account and delivered to the attention of Leslie Gern Cloyd, Esq.

25. Sale Implementation. Following the approval of the Final Successful Bids at the Sale Hearing, the Trustee will be authorized to take all commercially reasonable and necessary steps to complete and implement the transaction contemplated by the Final Successful Bids.

26. Closing. The Closing may be extended by the Trustee upon such terms and conditions as the Trustee deems to be reasonable.

C. Legal Argument for Approval of the Sale and Approval of Bidding Procedures

27. Section 363(b)(1) authorizes a trustee to “use, sell, or lease, other than in the ordinary course of business, property of the estate” after notice and a hearing. 11 U. S. C. §§ 363(b)(1), 1107(a). The standard applicable to a motion under section 363(b)(1) of the Bankruptcy Code is whether the proposed sale serves a sound business purpose. *In re BDK Health Mgmt., Inc.*, Nos. 98-00609-6B1, 98-00610-6B1, 98-00612-6B1, 98-00613-6B1, 98-00614-6B1, 1998 WL 34188241, at *5 (Bankr. M.D. Fla. Nov. 16, 1998). Courts have held that this standard is satisfied when: (a) the sale is supported by the sound business judgment of the

debtor's management; (b) interested parties are provided with adequate and reasonable notice of the sale; (c) the sale price is fair and reasonable; and (d) the purchaser is acting in good faith. See *In re Delaware & Hudson Ry. Co.*, 124 B.R. 169 (D. Del. 1991); *In re Phoenix Steel Corp.*, 82 B.R. 334, 335-36 (D. Del. 1987).

28. The Trustee hopes that the sale of the Policies will result in the highest possible recovery for interested parties. A sale of the Policies is in the best interests of all stakeholders.

29. Alternatives to a sale of the Policies may yield substantially lesser recovery for the Debtors' creditors and their estates.

D. The Assets Should Be Sold "Free and Clear" of Interests

30. The Court has the statutory authority to direct the sale of the Policies be free and clear of all interests, with such interests to attach to the proceeds of sale. Section 363 of the Bankruptcy Code provides that a trustee, and through the application of section 1107(a) of the Bankruptcy Code, a debtor-in-possession, "after notice and a hearing, may use sell or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1).

31. Pursuant to section 363(f) of the Bankruptcy Code, a debtor-in-possession may sell property under 363(b) "free and clear of any interest in such property of an entity other than the estate" if any one of the following conditions are satisfied: "(i) applicable nonbankruptcy law permits the sale of such property free and clear of such interest; (ii) such entity consents; (iii) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property; (iv) such interest is in bona fide dispute; or (v) such entity could be compelled in a legal or equitable proceeding to accept a money satisfaction of such interest." 11 U.S.C. §§ 363, 1107(a).

32. The Policies should be transferred free and clear of all interests therein. Pursuant to Section 363(f) of the Bankruptcy Code, the Trustee requests that, upon the closings under the

Asset Purchase Agreements, the Policies shall be transferred, sold, and delivered free and clear of all security interests, pledges, and all other liens, judgments, demands, encumbrances, easements, restrictions, constructive or resulting trusts, or charges of any kind or nature, including, but not limited to, any restriction on the use, voting, transfer, receipt of income, or other exercise of any attributes of ownership (collectively, the “Interests”) and all debts arising in any way in connection with any claims (as that term is defined in Section 101(5) of the Bankruptcy Code), obligations, demands, guarantees, options, rights, contractual commitments, restrictions, interests, and matters of any kind and nature, arising prior to the Closing Date or relating to acts occurring prior to the Closing Date, and whether imposed by agreement, understanding, law or equity, or otherwise (collectively, the “Claims”) with all such Interests and Claims to attach to the net proceeds of the Policies in the order of their priority, with the validity, force and effect that they now have, if any, against the Policies, subject to the rights, claims, defenses, and objections, if any, of the Trustee and all interested parties with respect to such Interests and Claims.

33. Such buyer protections are typical of section 363 sales. The Trustee respectfully submits that in order to attract bidders the ultimate purchaser of the Policies should not, after the Closing, constitute a successor to any of the Debtors. Thus, the buyers approved by the Court who close on the purchase of the Policies will not be responsible for the satisfaction of any Claims or Interests against any of the Debtors’ estates. Accordingly, pursuant to Section 363(f) of the Bankruptcy Code, the Policies should be sold free and clear of all Interests and Claims, with all such Interests and Claims to be satisfied solely out of the excess proceeds of the sale.

E. The Bidding Protections are in the Best Interest of the Estates

34. It is common for substantially all of a debtor’s assets to be offered for sale pursuant to an auction process. *See, e.g., In re Dorado Marine, Inc.*, 332 B.R. 637, 639 (Bankr.

M.D. Fla. 2005) (describing the auction sale of substantially all assets of manufacturer of custom boats); *In re Gulf States Steel, Inc. of Alabama*, 285 B.R. 497, 503-04 (Bankr. N.D. Ala. 2002). Additionally, a court may approve bidding procedures pursuant to Section 105(a) of the Bankruptcy Code, which authorizes a bankruptcy court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of the Bankruptcy Code.” 11 U.S.C. § 105(a). Indeed, courts recognize that procedures intended to enhance competitive bidding are consistent with the goal of maximizing the value received by the estate and therefore are appropriate in the context of bankruptcy sales. *In re Integrated Resources, Inc.*, 147 B.R. 650, 659 (S.D.N.Y. 1992) (such procedures “encourage bidding and maximize the value of the debtor’s assets.”). Historically, bankruptcy courts have approved bidding procedures under the “business judgment rule”, “under which the courts defer to the actions of corporations taken in good faith and in the exercise of honest judgment.” *See e.g. In re 955 Fifth Ave. Assoc., L.P.* 96 B.R. 24, 28 (Bankr. S.D.N.Y. 1992).

35. The Bidding Procedures are designed to encourage as many potential buyers as possible to submit bids and facilitate a fair and robust auction process. Any interested party may submit a bid for one or more of the Policies provided only that they do so using the Asset Purchase Agreement, submit a Deposit, and demonstrate a financial ability to Close. Parties that have submitted Qualifying Bids will be entitled to participate in the Auction without further qualification. The Trustee submits that these procedures are not onerous or restrictive requirements and will ideally generate multiple bids for the Policies.

F. Notice of Bidding Procedures and Sale Hearing

36. Rule 6004(h) requires that an order authorizing the sale of property is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise. The Trustee

respectfully requests that the Court waive this requirement so that she can close on the sale of the Policies within the time frame set forth in this Motion.

37. The Trustee also requests that the order approving the sale contain language directing the relevant insurance companies to transfer title forthwith to those holders of the Final Successful Bids that close on their purchase of Policies.

38. The Trustee will ensure that notice of the sale and procedures sought hereby is timely submitted to creditors and other parties in interest entitled to notice.

39. Federal Rule of Bankruptcy Procedure 2002(c)(1) governs the contents of the notice of a proposed sale and requires that the notice include, *inter alia*, the time and place of any sale and the time fixed for filing objections. A general description of the property to be sold is also required. A copy of the proposed notice is attached hereto as **Exhibit “C”** (the “Bidding Procedures Notice”).

40. The Trustee proposes to serve the Bidding Procedures Notice providing for the time and place of the proposed Auction, a summary of the Bidding Procedures and the terms and conditions of the proposed sale, and the time fixed for submitting objections to the sale (the “Sale Objection Deadline”), via First Class U.S. Mail, within two business days after approval of the Bidding Procedures, upon the following parties:

- (a) All creditors and other parties in interest entitled to notice;
- (b) All entities known to have asserted a secured claim against the Debtors’ estates;
- (c) Any parties who the Trustee believes may have an interest in purchasing any of the Policies;
- (d) The United States Trustee’s Office; and
- (e) All parties that have requested notice pursuant to Bankruptcy Rule 2002.

41. The Trustee believes that the foregoing notice, in addition to the marketing that will be conducted prior thereto, is sufficient to provide effective notice of the Bidding Procedures, the Sale Hearing, and the Auction to all parties in interest.

42. The Trustee requests that the Court find that the Bidding Procedures Notice constitutes good and sufficient notice to creditors and parties in interest, and that no further notice of the Bidding Procedures, Sale Hearing, or Auction is required.

WHEREFORE, the Trustee respectfully requests entry of one or more orders (i) approving the sale of one or more of the Policies, (ii) approving the Bidding Procedures and the proposed form of Bidding Procedures Notice attached as **Exhibit "C"** hereto; (iii) scheduling the Sale Hearing; and (iv) granting such other relief as this Court deems just and proper. A copy of the Proposed Order is attached hereto as **Exhibit "D."**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served on this 7th day of August, 2013, by electronic transmission through the Court's CM/ECF system upon all parties listed on the attached CM/ECF Service List, and via first class, U.S. Mail upon all creditors and interested parties on the attached Matrix.

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COMPOSITE EXHIBIT "A"

Primary Insured		Policy Information		
Last Name	First Name	Insurance Carrier	Policy Number	Basic Face Amount
Anderson	Ruth	Lincoln Benefit Life Insurance Company	x8636	\$2,000,000
Brody	Vera	AXA Equitable Life Insurance Company	x1409	\$5,000,000
Brody	Vera	Lincoln Life & Annuity Company of New York	x6974	\$5,000,000
Darmanyany	Feyga	Lincoln Life & Annuity Company of New York	x3043	\$5,000,000
Gelb	Margaret	New York Life Insurance and Annuity Corporation	x4374	\$10,000,000
Grimes	Bartlett	Transamerica Life Insurance Company	x2614	\$3,500,000
Grunwald	Ilse	Security Life of Denver Insurance Company	x0164	\$2,000,000
Harrison	Arthur	Metropolitan Life Insurance Company	x9912	\$10,000,000
Herskowitz	Robert	Lincoln National Life Insurance Company	x6678	\$10,000,000
Huffman	Jean	West Coast Life Insurance Company	x5971	\$400,000
Joher	Hassan	Pacific Life Insurance Company	x6100	\$8,750,000
Leifer	Flora	MassMutual Life Insurance Company	x6185	\$10,000,000
Lloyd	R. Jay	Texas Life Insurance Company	x8123	\$500,000
Lundvall	Martin	Lincoln National Life Insurance Company	x0478	\$1,200,000
McDonnell	Edward	AXA Equitable Life Insurance Company	x3976	\$7,440,000
Rose	Arthur	Lincoln National Life Insurance Company	x2412	\$5,000,000
Ryan	Maria L.	Reliastar Life Insurance Company	x0961	\$5,000,000
Sabato	Emilia	John Hancock Life Insurance Company (U.S.A.)	x4933	\$6,000,000
Sabato	Emilia	John Hancock Life Insurance Company (U.S.A.)	x4934	\$6,000,000
Sabato	Emilia	John Hancock Life Insurance Company (U.S.A.)	x4929	\$8,000,000
Schwartz	Edward	Nationwide Life and Annuity Company	x5390	\$3,500,000
Schwartz	Edward	Nationwide Life and Annuity Company	x7980	\$1,500,000
Spitaleri	Vernon	American General Life Insurance Company	x838L	\$5,000,000
Teichman	Mates	John Hancock Life Insurance Company of NY	x8153	\$5,000,000

EXHIBIT "B"

PURCHASE AND SALE AGREEMENT

by and between

**[],
as Purchaser**

and

**Deborah C. Menotte, as chapter 7 trustee,
as Seller**

September __, 2013

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SCHEDULES

Schedule 1 – List of Policies, Policy Information and Purchase Prices

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "**Agreement**") is made as of September [], 2013 (the "**Effective Date**") by and between _____, a _____ ("**Purchaser**"), and Deborah C. Menotte, as chapter 7 trustee for CLSF III IV, Inc., CLSF XXXV, Inc., The Gluck TR Corporation, CLSF XVII, Inc., BGI 6 Life, Inc., CLSF I, Inc., LSF VI, Inc., LSF III, Inc., CLSF VII, Inc., Ryan Trust Corp., CLSF XL, Inc., BGI XVII, Inc., and CLSF XIV, Inc. ("**Seller**").

RECITALS

A. Seller, as chapter 7 trustee and pursuant to section 541 of the U.S. Bankruptcy Code, is the owner of the life insurance policy(ies) on the life of each Insured described on **Schedule 1** attached to this Agreement (individually, the "**Policy**" and collectively, the "**Policies**").

B. Seller wishes to sell, and Purchaser is willing to purchase, all of Seller's Interest (as defined below) in the Policy(ies), subject to the satisfaction of the terms and conditions hereinafter set forth.

C. Subject to the issuance of appropriate orders of the United States Bankruptcy Court of the Southern District of Florida, West Palm Beach Division (the "**Court**") in Case Number(s) 12-30081-BKC-EPK ("**Case**"), the Policies are or will be at Closing (as hereinafter defined) free of all liens and encumbrances.

D. Subject only to hearing(s) and the issuance of an order of the Court in the Case approving the sale of each Policy (the "**Approval Order**"), Seller and Purchaser have taken all of the necessary steps required of them, including, without limitation, the giving of applicable notices to potential claimants, such that upon the execution of this Agreement and the issuance of the Approval Order, this Agreement shall be binding and enforceable against Seller and Purchaser in accordance with its terms.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and obligations contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

Section 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"**Acknowledgment**" means a document from the applicable Insurer confirming in writing the recordation of a new owner of a Policy or the recordation of a new beneficiary of a Policy pursuant to an Ownership Change Form or Beneficiary Change Form delivered to the Insurer.

“**Affiliate**” of a specified Person means a Person that (at the time when the determination is to be made) directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the specified Person. As used in the foregoing sentence, the term “control” (including, with correlative meaning, the terms “controlling,” “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to vote 10% or more of the voting securities of any Person.

“**Agent**” means the insurance agent or broker involved in the issuance of a Policy.

“**Beneficiary Change Form**” means a form of an Insurer necessary or required by such Insurer to effect a change in the beneficiary under a Policy on the books and records of such Insurer.

“**Business Day**” means any day other than a Saturday or Sunday or any other day on which commercial banking institutions in Palm Beach County, Florida are authorized or obligated by Law, executive order or government decree to be closed.

“**Consumer Information**” means medical, health, financial and personal information about an Insured, an Original Owner, a beneficiary under a Policy or a Person designated by an Insured to provide periodic information regarding the medical status of the Insured, or any spouse or other individual closely related by blood or Law to any such Person (each, a “**Consumer**”), including, without, limitation, a Consumer’s name, street or mailing address, e-mail address, telephone or other contact information, employer, social security or tax identification number, date of birth, driver’s license number, photograph or documentation of identity or residency (whether independently disclosed or contained in any disclosed document such as a Policy, life expectancy evaluation, life insurance application or life settlement application).

“**Contract**” means any contract, agreement, lease, sublease, license, note, bond, mortgage or indenture, permit, franchise, insurance policy or other instrument, whether written or oral.

“**Estate**” means the applicable bankruptcy estate in the Case.

“**Governmental Authority**” means any nation or government, any state, province, city, municipal entity or other political subdivision thereof, and any governmental, executive, legislative, judicial, administrative or regulatory agency, department, authority, instrumentality, commission, board, bureau or similar body, whether federal, state, provincial, territorial, local or foreign.

“**Governmental Order**” means, unless otherwise indicated, any order, writ, judgment, injunction, decree, stipulation, determination or administrative ruling or award entered by or with any Governmental Authority.

“**Information**” means any data, whether in the form of written documents, electronic information, verbal communications or otherwise, whether obtained prior to or after the Effective Date, and whether or not such information is designated or marked in writing as being confidential or propriety.

“**Insured**” means the individual or individuals named as the insured under the terms of the Policies listed on **Schedule 1** to this Agreement.

“**Insurer**” means the life insurance company that issued a Policy as listed on **Schedule 1** to this Agreement.

“**Law**” means, unless otherwise indicated, any national, federal, state, provincial or local statute, law, ordinance, regulation, rule, code, order, requirement or rule of law (including, without limitation, common law).

“**Liability**” or “**Liabilities**” means any and all debts, liabilities and obligations, whether asserted or unasserted, accrued or fixed, absolute or contingent, matured or unmatured or determined or determinable, including, without limitation, those arising under any Law, Governmental Order, Contract, action, arrangement, commitment or undertaking.

“**Original Owner**” means, with respect to a Policy, the Person to which the Policy was initially issued and who was listed as owner on the initial declarations page of such Policy.

“**Ownership Change Form**” means a form of an Insurer necessary or required by such Insurer to effect an assignment or change in ownership of a Policy on the books and records of such Insurer.

“**Person**” means any individual, partnership (whether general or limited), corporation, joint stock company, limited liability company, trust (including a business or statutory trust), estate, association, custodian, nominee, joint venture or other entity, or a Governmental Authority.

“**Policy Documents**” means, with respect to each Policy, all documents given to Purchaser by Seller pursuant to the Mutual Confidentiality and Nondisclosure Agreement.

“**Premium**” means any premium payable under a Policy.

“**Purchase Price**” means, with respect to a Policy, the purchase price set forth in the “Policy Purchase Price” column on **Schedule 1** attached to this Agreement.

“**Seller’s Interest**” means all of Seller’s claims, options, privileges, rights, title and interest in, to and under the Policies, if any.

“**Transfer/Resale Transaction**” means the transfer by Purchaser of all or a portion of its interest in a Policy pursuant to a true sale or other purchase or financing transaction, which may include a securitization, or in a synthetic or risk transfer transaction, or otherwise.

Section 1.02. Additional Definitions

<u>Definition</u>	<u>Location</u>
“ <u>Approval Order</u> ”	Preamble
“ <u>Case</u> ”	Preamble
“ <u>Closing</u> ”	2.03

“ Closing Date ”	2.03
“ Confidential Information ”	8.02(a)
“ Court ”	Preamble
“ Effective Date ”	Preamble
“ Matured Policy ”	5.03
“ Policy ”	Recitals
“ Proprietary Information ”	8.02(b)
“ Purchase Price ”	2.02
“ Purchaser ”	Preamble
“ Seller ”	Preamble
“ Transaction Documents ”	8.02(a)

Section 1.03. Interpretation and Rules of Construction. Except to the extent that the context otherwise requires:

(a) when a reference is made herein to an Article, Section, Exhibit or Schedule, such reference is to an Article or Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated;

(b) the table of contents and headings for this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Agreement;

(c) whenever the word “include”, “includes” or “including” is used in this Agreement, it is deemed to be followed by the words “without limitation”;

(d) the words “hereof”, “herein” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;

(e) all terms defined in this Agreement have their defined meanings when used in any certificate or other document made or delivered pursuant hereto, unless otherwise defined therein;

(f) definitions of terms are applicable to the singular as well as the plural forms of such terms, and other grammatical forms of such terms have corresponding meanings;

(g) if any action is otherwise to be taken pursuant to this Agreement on a day which is not a Business Day, such action shall be taken on the next Business Day following such day;

(h) references to a Person are also to its permitted successors and assigns;

(i) references to any Contract shall be deemed to be to such Contract as amended, amended and restated, supplemented or otherwise modified from time to time;

(j) references to any statute, regulation, or similar rule, or to a provision of any statute, regulation, or similar rule, includes any successor statute or provision, as the case may be; and

(k) the use of the word “or” is not intended to be exclusive unless expressly indicated otherwise.

ARTICLE II PURCHASE AND SALE

Section 2.01. Purchase and Sale of Seller’s Interest. Upon the terms and subject to the conditions of this Agreement, at the Closing, Seller shall sell and assign to Purchaser, and Purchaser shall purchase from Seller, Seller’s Interest with respect to each Policy.

Section 2.02. Purchase Price. The Purchase Price (as defined below) to be paid by or on behalf of Purchaser to Seller for the purchase of Seller’s Interest with respect to each Policy shall be the Purchase Price for each such Policy as set forth on **Schedule 1** (the “**Purchase Price**”) hereto, subject to adjustment in accordance with this Agreement. The Purchase Price does not include any amounts owed for each Policy for current premiums, arrearage or future premiums, as the case may be. In addition to the Purchase Price, at Closing Purchaser is responsible for paying current premiums, arrearage and future premiums and such amounts shall be paid directly to the Insurer.

Section 2.03. Closing. Subject to the terms and conditions of this Agreement, the closing of the purchase and sale of the Policies as contemplated by this Agreement (the “**Closing**”) shall occur no later than September 16, 2013 at 5:00 p.m. EDT or any other time designated by the Court or by agreement of the Parties (the “**Closing Date**”).

Section 2.04. Deposit/Payment of Purchase Price. On the Effective Date, Purchaser shall pay a deposit (“**Deposit**”) of the greater of \$10,000 or ten percent (10%) of the Purchase Price, in immediately available funds. On the Closing Date, Purchaser shall pay (i) the balance of the Purchase Price set forth in **Schedule 1** attached to this Agreement corresponding to such Policy to Seller in immediately available funds in accordance with the instructions set forth for Seller on **Schedule 2** attached hereto. Seller shall hold the Purchase Price in escrow pending the Approval Order from the Court authorizing the Sale.

Section 2.05. Transfer of Seller’s Interest. At the Closing, Seller shall assign, transfer and grant to Purchaser all of Seller’s Interest with respect to the Policies. The conveyance of each Policy shall be evidenced by Seller delivering to Purchaser (i) the original Beneficiary Change Form designating Purchaser or Purchaser’s designee as the beneficiary of each Policy, executed by Seller, in a form reasonably acceptable to Seller; (ii) the original Ownership Change Form designating Purchaser or Purchaser’s designee as the owner of each Policy, executed by Seller, in a form reasonably acceptable to Seller; and (iii) the Approval Order.

Section 2.06. Deliveries by Seller. Prior to the Effective Date, Seller has delivered certain Policy Documents in Seller’s possession relating to the Policy, and Purchaser hereby confirms receipt of such Policy Documents.

Section 2.07. Closing Mechanics. The mechanics for the Closing of the purchase and sale of the Policies include the following:

(a) With respect to each Policy, at the Closing, Seller shall deliver to Purchaser a fully executed original of the applicable Ownership Change Forms and Beneficiary Change Forms and a copy of the Approval Order. Purchaser shall be responsible for delivering each of the Ownership Change Forms and the Beneficiary Change Forms to the relevant Insurers via overnight package delivery service at the address set forth on the respective forms or to the relevant Insurers via facsimile.

(b) If Purchaser receives (including, without limitation, receipt by facsimile) one or more Acknowledgements or verbal confirmations from an Insurer, such party shall provide copies of such Acknowledgments and content of any verbal confirmation to the other parties by facsimile or electronic mail, within two (2) Business Days after receipt.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Purchaser, as of the Effective Date and as of the Closing Date, as follows:

Section 3.01. Organization and Authority. Seller is the duly appointed trustee of the respective Estates in the Case.

Section 3.02. No Conflict. Seller has not granted any rights, options, rights of first refusal or offer, or other agreement of any kind, giving any party a right to purchase or otherwise acquire the Policies or any part thereof or any interest therein, except the rights of Purchaser under this Agreement and as otherwise set forth in this Agreement.

Section 3.03. Bankruptcy Proceedings. Seller, to the best of her knowledge, has followed applicable bankruptcy procedure to give appropriate notice to all potential claimants in the Estates of the hearing scheduled in the Case on September 12, 2013 to approve this Agreement and consummation of the transactions contemplated thereby.

Section 3.04. Policy Documents. Seller has delivered to Purchaser on or before the Effective Date copies of all Policy Documents for the Policy in its possession, custody or control as of such date.

Section 3.05. No Additional Representations or Warranties by Seller. Notwithstanding anything contained in this Agreement to the contrary, Seller understands and agrees that Purchaser has not made, and is not making, any representation or warranty whatsoever, express or implied, with respect to any matter, other than those representations and warranties of Purchaser expressly set forth in Article IV of this Agreement.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Seller, as of the Effective Date and as of the Closing Date, as follows:

Section 4.01. Organization and Authority of Purchaser. Purchaser has been duly organized and is validly existing as a _____ under the Laws of _____, with full power and authority to own its properties and to conduct its business as currently conducted.

Section 4.02. Authorization. Purchaser has the power and authority to execute, deliver and perform its obligations under this Agreement. The execution, delivery and performance by Purchaser of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized by all required action on the part of Purchaser.

Section 4.03. No Conflict. The execution, delivery and performance by Purchaser of this Agreement do not and will not (a) violate, conflict with or result in the breach of any provision of its constitutive documents, (b) conflict with or violate any Law or Governmental Order applicable to it or to any of its respective assets, properties or businesses, or (c) conflict with, result in any breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to others any rights of termination, amendment, acceleration, suspension, revocation or cancellation with respect to any Contract to which Purchaser is a party or by which its assets are bound, which conflict, breach or default in clause (c) would have a materially adverse effect on the validity or enforceability of this Agreement, or the ability of Purchaser to perform its obligations under this Agreement.

Section 4.04. Execution, Delivery and Enforceability. This Agreement has been or will be duly executed and delivered by Purchaser, and (assuming due authorization, execution and delivery by Seller) this Agreement constitutes legal, valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with their terms, subject, as to enforceability, to applicable bankruptcy, reorganization, insolvency, moratorium or similar Laws affecting creditors' rights generally and to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law).

Section 4.05. No Broker, Finder or Investment Banker. Neither Purchaser nor any employees or agents thereof, have entered into any arrangements pursuant to which any broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission from Seller in connection with the transactions contemplated by this Agreement.

Section 4.06. Consents. No registration, declaration, or filing with, or any approval or consent of, any Governmental Authority is required to be made or given by Purchaser, or to be received from any Governmental Authority, in each case that has not been made or received in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

Section 4.07. Compliance with Law. Purchaser is not in violation of any Law or Governmental Order applicable to it or any of its properties or assets which could materially adversely affect the consummation of the transactions contemplated hereby.

Section 4.08. No Litigation or Proceedings. No judicial, administrative, arbitral or other proceeding, in Law, equity or otherwise, is pending or threatened against Purchaser with respect to any matter whatsoever which could materially adversely affect the consummation of the transactions contemplated hereby. There is no investigation by any Governmental Authority pending or threatened which relates to or involves the Policy or the transactions contemplated by this Agreement.

Section 4.09. No Bankruptcy, Etc. of Purchaser. Purchaser has not filed, nor is Purchaser aware that anyone has filed or threatened to file against Purchaser, any proceeding seeking to adjudicate Purchaser insolvent, nor has Purchaser made any assignment of any property for the benefit of any creditors, nor is Purchaser aware that there presently exists or is threatened any tax or creditor's lien or any other execution, levy, attachment or other process of Law upon the property of Purchaser, nor is Purchaser aware that there is outstanding any legal process against Purchaser or Purchaser's property which enjoins Purchaser from consummating the transactions contemplated by this Agreement.

Section 4.10. Patriot Act. No Person Affiliated with Purchaser or that makes funds available to Purchaser or any Affiliate of Purchaser in order to allow Purchaser to fulfill its obligations under this Agreement or for the purpose of funding the investment in Purchaser is: (A) a Person listed in the Annex to Executive Order No. 13224 (2001) issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), (B) named on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Office of Foreign Assets Control, (C) a non-U.S. shell bank or is providing banking services indirectly to a non-U.S. shell bank, (D) a senior non-U.S. political figure or an immediate family member or close associate of such figure, or (E) otherwise prohibited from investing in Purchaser pursuant to applicable U.S. anti-money laundering, anti-terrorist and asset control Laws, regulations, rules or orders.

Section 4.11. No Additional Representations or Warranties by Seller. Notwithstanding anything contained in this Agreement to the contrary, Purchaser understands and agrees that Seller has not made, and is not making, any representation or warranty whatsoever, express or implied, with respect to any matter, other than those representations and warranties of Seller expressly set forth in Article III of this Agreement.

ARTICLE V ADDITIONAL AGREEMENTS

Section 5.01. Further Action. The parties hereto shall use all commercially reasonable efforts to take, or cause to be taken, all appropriate action, do or cause to be done all things necessary, proper or advisable under applicable Law, and execute and deliver such agreements, instruments and other documents as may be required to carry out the provisions of this Agreement and consummate and make effective the transactions contemplated by this Agreement.

Section 5.02. Covenants of Seller. Seller hereby covenants and agrees as follows:

(a) Subject to Court direction and approval, Seller will take all actions that may be reasonably necessary or desirable from time to time to vest in Purchaser all of Seller's rights, title and interest in, to and under Seller's Interest with respect to each Policy conveyed hereunder.

(b) Seller hereby covenants to Purchaser that (i) Seller will not take any action inconsistent with Purchaser's ownership of the Policies or the related Seller's Interest conveyed hereunder.

(c) Except for the conveyances hereunder or otherwise required by the Court, Seller will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any encumbrances on any interest in any of the Policies conveyed hereunder.

(d) From the Effective Date to the Closing Date, Seller shall give Purchaser prompt written notice of the occurrence of any of the following: (i) any breach of this Agreement, (ii) the cancellation, lapse, or termination of any Policy, or notice from an Insurer relating thereto, or (iii) the death of any Insured.

(e) From the Effective Date to the Closing Date, Seller will promptly deliver to Purchaser any information necessary to update (i) the representations, warranties and covenants contained in this Agreement and (ii) any lists, documents or information furnished by Seller under this Agreement and the transactions contemplated hereby.

Section 5.03. Covenants of Purchaser. Purchaser hereby covenants and agrees as follows:

(a) From the Effective Date to the Closing Date, Purchaser will promptly deliver to Seller any information necessary to update the representations, warranties and covenants contained in this Agreement.

Section 5.04. Matured Policy Prior to Effective Date. If, prior to the Closing, a Policy has matured due to the death of an Insured (such a Policy, a "**Matured Policy**"), then Seller is entitled to receive the death benefit of the Policy.

ARTICLE VI FAILED BID

Section 6.01. Failed Bid. Within two business days following the entry of the Approval Order, on or before September 16, 2013 at 5:00 p.m. EDT, the Purchaser must pay the balance of the Purchase Price in full ("Final Payment"). If the Purchaser fails to make the Final Payment, it shall be in default and in material breach of this Agreement (a "Failed Bid"). The maker of any Failed Bid shall forfeit its Deposit to the Debtor's Estate.

ARTICLE VII AS IS WHERE IS

"As Is, Where Is." IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT PURCHASER ACCEPTS THE CONDITION OF THE POLICIES "AS IS, WHERE IS--

WITH ALL FAULTS" WITHOUT ANY IMPLIED REPRESENTATION, WARRANTY OR GUARANTEE AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE AS TO THE CONDITION, SIZE OR VALUE OF SUCH POLICIES, EXCEPT ONLY AS MAY BE OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT AND SELLER HEREBY EXPRESSLY DISCLAIM ANY AND ALL SUCH IMPLIED REPRESENTATIONS, WARRANTIES OR GUARANTEES. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO (A) THE VALUE, NATURE, QUALITY, OR CONDITION OF THE POLICIES, (B) THE POLICY DOCUMENTS, (C) THE SUITABILITY OF THE POLICIES, (D) THE COMPLIANCE OF POLICIES, INCLUDING ANY UNDERWRITING, WITH ANY LAWS, ORDINANCES, OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL ENTITY, OR (D) ANY OTHER MATTER WITH RESPECT TO THE POLICIES, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT.

ARTICLE VIII GENERAL PROVISIONS

Section 8.01. Expenses. Except as otherwise specified in this Agreement, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

Section 8.02. Confidential Information. “**Confidential Information**” consists of any and all information disclosed or provided to Purchaser pursuant to the Mutual Confidentiality and Nondisclosure Agreement entered into among Seller, Purchaser and Longevity Market Advisors, LLC. Purchaser and Seller, and their respective officers, directors, employees, agents or representatives, shall not disclose to any other Person Confidential Information except as directed by the Court.

Section 8.03. Tax. As a result of the transfer of Seller’s Interest in each of the Policies to Purchaser, there may be certain tax and accounting consequences to both Purchaser and Seller. Neither Seller nor Purchaser makes any representations or warranties of any kind, nor are any intended or should any be inferred, regarding the tax consequences to either Seller or Purchaser of the transactions contemplated by this Agreement. Seller and Purchaser each also acknowledge that each will consult with its own attorneys, accountants and financial advisors about the legal and tax consequences of the transfer of Seller’s Interest in each of the Policies.

Section 8.04. Survival of Representations and Warranties. The representations and warranties made by Seller in Article III shall terminate at Closing. The representations and warranties made by Purchaser in Article IV shall survive the purchase of Seller’s Interest by Purchaser pursuant to this Agreement for a period of five (5) years after the applicable Closing Date.

Section 8.05. Notices. All notices and other communications provided for in this Agreement shall be delivered by (i) hand delivery, (ii) overnight national courier service (e.g., FedEx); (iii) registered or certified U.S. mail, postage prepaid and return receipt requested;

(iv) facsimile transmission, provided that such facsimile transmission is confirmed by delivery using one of the three methods identified in clauses (i) through (iii); or (v) electronic mail (to at least two addressees) provided that such e-mail transmission is confirmed by delivery using one of the three methods identified in clauses (i) through (iii) or the sender of any notice by electronic mail receives an electronic mail response from any recipient (other than an automatic electronic “out-of-office” or similar automatically generated response). All such notices shall be delivered to the parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 7.05). All notices and other communications given to Seller or Purchaser in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

If to Seller, to:

Leslie Gern Cloyd, Esq.
2650 N. Military Trail, Suite 240
Boca Raton, FL 33431

If to Purchaser, to:

With a copy to each of:

Section 8.06. Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations shall not in any way be affected or impaired thereby in such jurisdiction, and such provision or obligation shall not in any way be affected or impaired thereby in any other jurisdiction.

Section 8.07. Recitals. The Recitals set forth at the beginning of this Agreement are hereby incorporated into and made a part of the substantive provisions of this Agreement.

Section 8.08. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and thereof and supersedes and cancels all prior agreements, negotiations, correspondence, undertakings, understandings and communications of the parties, oral or written, with respect to such subject matter.

Section 8.09. Assignment. Purchaser may not assign this Agreement, any of its rights and obligations hereunder or any interest herein without the prior written consent of Seller, which consent may be withheld in Seller’s sole discretion.

Section 8.10. Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their successors and permitted assigns, and nothing herein is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 8.11. Amendments, Etc. No modification, amendment or waiver of, or with respect to, any provision of this Agreement, and all other agreements, instruments and documents delivered pursuant to this Agreement, shall be effective unless it shall be in writing and signed by the parties hereto.

Section 8.12. Waiver. The failure or delay of any party hereto to enforce at any time any of the provisions of this Agreement shall in no way be construed as a waiver of any such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of such party thereafter to enforce each and every such provision.

Section 8.13. Governing Law. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of Florida.

Section 8.14. Consent to Jurisdiction; Waiver of Jury Trial.

(a) Consent to Jurisdiction. Purchaser, on its own behalf and on behalf of its respective successors and permitted assigns, (i) hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of the state courts of the State of Florida in the County of Palm Beach, and to the jurisdiction of the Court and the United States District Court for the Southern District of Florida, for the purpose of any proceeding relating to or arising out of this Agreement or any agreement referred to herein brought by Seller or its respective successors or permitted assigns, and (ii) to the extent permitted by applicable Law, hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of the above-named courts, that its property is exempt or immune from execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper, or that this Agreement or any agreement referred to herein may not be enforced in or by such court. Purchaser hereby agrees that service of process in any action, suit or proceeding with respect to any matter as to which it submits to jurisdiction herein may be served by mailing a copy thereof by registered or certified mail, postage prepaid, return receipt requested, addressed to a party at its address provided for notices hereunder, such service to become effective seven (7) Business Days after such mailing.

(b) Waiver of Jury Trial. PURCHASER AND SELLER EACH HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE ARISING OUT OF, CONNECTED WITH, RELATED TO, OR IN CONNECTION WITH THIS AGREEMENT. INSTEAD, ANY DISPUTE RESOLVED IN COURT WILL BE RESOLVED IN A BENCH TRIAL WITHOUT A JURY.

Section 8.15. Headings. The headings herein are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

Section 8.16. Execution in Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, including counterparts sent via electronic mail or facsimile, each of which when so executed shall be deemed to be an original and both of which when taken together shall constitute one and the same agreement.

Section 8.17. Construction of Agreement. This Agreement shall be construed without regard to any presumption or other rule requiring construction against the party causing this Agreement to be drafted.

Section 8.18. Limited Recourse of Seller. It is expressly understood and agreed by the parties hereto that this Agreement is executed by Seller, not individually or personally, but solely as chapter 7 trustee of the Estates of the Debtors. In no event shall Deborah C. Menotte, in her individual capacity, have any liability for the representations, warranties, covenants, agreements or other obligations of Seller hereunder, as to all of which recourse shall be had solely to the assets of the Estates, and (iii) under no circumstances shall Deborah C. Menotte be personally liable for the payment of any indebtedness or expenses of Seller or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by Seller under this Agreement.

ARTICLE IX COURT APPROVAL

Section 9.01. Order of Sale Under Bankruptcy Code Section 363. The obligations under this Agreement of Purchaser and Seller are contingent upon the issuance of the Approval Order in the Case finding that Purchaser is a good faith buyer and providing for the Policy to be conveyed by Seller to Purchaser pursuant to 11 USC § 363 free and clear of all monetary liens, claims and encumbrances of every kind and nature, and free of clear of all interests in or to each Policy at law or in equity.

Section 9.02. Cooperation to Obtain Approval Order. Seller and Purchaser agree to cooperate and provide to each other and the Court all reasonably requested materials and assistance so as to enable the Court to enter the Approval Order as rapidly as possible. Seller shall in good faith seek prompt entry of the Approval Order.

Section 9.03. Higher and Better Offers. Purchaser understands, acknowledges and agrees that the offer ("**Offer**") herein for the purchase and sale of the Policy or Policies shall be subject to higher and better offers as determined by Seller up and through the auction to be held on September 11, 2013, as more fully set forth in the Trustee's Emergency Motion for Entry of an Order: (i) Authorizing Sale of Assets Free and Clear of Interests; (ii) Approving Bidding Procedures; (iii) Scheduling Hearing to Consider Approval of Proposed Sale; and (iv) Approving Form and Manner of Notice Thereof filed with the Court on August 7, 2013 and accompanying documents.

The parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers or agents thereunto duly authorized.

By: _____
Name: Deborah C. Menotte, as chapter 7
Trustee for CLSF III IV, Inc., et al.

By: _____
Name:
Title:

EXHIBIT "C"

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION
www.flsb.uscourts.gov

IN RE: Lead Case No.: 12-30081-BKC-EPK
CLSF III IV, Inc., *et al.*, Chapter 7
Debtors. (Jointly Administered)

**NOTICE OF (I) SALE OF DEBTORS' ASSETS; (II) BIDDING PROCEDURES
RELATING TO SALE THEREOF; AND (III) SETTING HEARING DATE TO
CONSIDER APPROVAL OF THE SALE**

PLEASE TAKE NOTICE that, pursuant to a hearing conducted August ____, 2013, the U.S. Bankruptcy Court (the "Court") has established certain bidding procedures to be utilized in connection with the marketing and offer for sale of the Trustee's interest in certain insurance policies identified on the attached **Composite Exhibit "A,"** which sets forth the policies owned by the specified Debtors ("Debtor Policies"), as well as the policies ("Non-Debtor Policies" and, with the Debtor Policies, the "Policies," each a "Policy") owned by certain of the Alter Ego Entities (the "Alter Ego Entities") as that term is defined in footnote 3 of this Court's January 17, 2013 Order (the "Alter Ego Order") [ECF# 145] Resolving Count's I, III, and IV of the Adversary Complaint in *Menotte, et al. v. Behl Corporation, et al.* [Adv. Pro. No. 12-01889-EPK], (the "Alter Ego Adversary Proceeding").

PLEASE TAKE FURTHER NOTICE that, pursuant to 11 U.S.C. § 363, the Policies are to be sold free and clear of all liens and other interests pursuant to 11 U.S.C. § 363(f) of the Bankruptcy Code, with those liens and interests to attach to the proceeds of sale.

PLEASE TAKE FURTHER NOTICE that the following procedures (the "Bidding Procedures") are to be utilized in connection with the sale:

1. Due Diligence. Commencing immediately and continuing through the date of the Bidder Qualification Deadline (as hereinafter defined) interested parties shall be afforded the opportunity to conduct due diligence regarding the Policies; provided, however, that the Trustee reserves the right to require that each such party shall have executed and delivered to the Trustee a confidentiality agreement in the form prescribed by the Trustee. The Trustee will provide reasonable access to the Debtors' books and records pertaining to the Policies prior to the Bidder Qualification Deadline.

2. Qualification to Bid. Any interested party ("Bidder") must do the following, so as to be received not later than **5:00 o'clock p.m. (Eastern Daylight Time) on September 9, 2013** ("Bidder Qualification Deadline"), in order to qualify and become a bidder at the Auction ("Qualified Bidder"):

(a) *Asset Purchase Agreement.* Submit to the Trustee at the offices of Berger Singerman LLP, 350 E. Las Olas Boulevard, Suite 1000, Fort Lauderdale, FL 33301 (Attn: Leslie Gern Cloyd, Esq.), an Asset Purchase Agreement, in substantially the same form as is attached hereto as **Exhibit "B,"** for purchase of one or more of the Policies, executed by such Bidder, subject to the following additional requirements:

(i) in no event shall the Asset Purchase Agreement be contingent upon: (i) financing; (ii) the completion of unperformed due diligence; or (iii) the obtaining of approvals from the Bidder's board of directors or other internal approvals or consents;

(ii) the Asset Purchase Agreement shall be subject to approval by the Bankruptcy Court and to higher and better offers; and

(iii) the Asset Purchase Agreement shall provide for a closing (the "Closing") not later than 2 business days after the entry of the Sale Approval Order (as hereinafter defined).

(b) *Deposit.* Remit a cashiers' or certified check payable to the order of "Berger Singerman LLP Trust Account" for the benefit of the Debtors' estates, in immediately available funds aggregating the greater of \$10,000.00 or ten percent (10%) of the Bidder's initial offer on the Policy or Policies as contained in such Bidders' submitted Asset Purchase Agreement, or may wire the funds so as to be received by the Bidder Qualification Deadline (the "Deposit"). Wire instructions may be obtained by contacting Leslie Gern Cloyd, Esq. at lcloyd@bergersingerman.com.

(c) *Financial Ability.* The Bidder must be financially able to consummate the purchase of one or more of the Policies and shall provide: (a) evidence satisfactory to the Trustee, in her discretion, that the Bidder is financially capable of unconditionally performing all obligations under the Asset Purchase Agreement; or (b) a firm commitment from a financial institution, which the Trustee deems satisfactory in her discretion, to provide financing for the purchase of one or more of the Policies, and containing no contingencies other than the bid being deemed the Final Successful Bid (as defined below).

(d) *Disclosure of Relationship.* Bidders are required to disclose via an affidavit any relationship to the Trustee, the Debtors, any creditor, or any of such parties' principals.

3. Highest and/or Best Bid. After the Bidder Qualification Deadline has passed, the Trustee shall determine which Bidders constitute Qualified Bidders, if any, and which Qualifying Bid(s) constitutes the highest or otherwise best and acceptable offer for each Policy or Policies (the "Preliminary Successful Bids"). Following the selection of the Preliminary Successful Bids, on the day of the auction, the Trustee shall conduct an "open outcry" auction (an "Auction") for the Policies.

4. Auction. The Auction will be conducted in accordance with procedures that the Trustee determines will achieve the maximum realizable value for the Policies. The procedures shall be announced at the commencement of the Auction. The Trustee may terminate the Auction at any time and for any reason, and reserves the right to withdraw the assets from the Auction.

(a) *Time and Location of Auction.* It is intended that the Auction take place on **September 11, 2013 at 11:00 a.m EDT**, and that it be held at the offices of Berger Singerman LLP, 350 E. Las Olas Boulevard, Suite 1000, Fort Lauderdale, FL 33301.

(b) *Attendance at Auction.* Only the Bidders that have submitted a Qualifying Bid shall be entitled to attend and participate at the Auction. Bidders must be physically present at the Auction and are urged to have counsel present, or in the alternative, Bidders must make prior arrangements to be present at the Auction telephonically. Such arrangements must be made with counsel for the Trustee, Leslie Gern Cloyd, who can be contacted by phone at (954)712-5125 or via email at lcloyd@bergersingerman.com.

(c) *Bidding, Minimum Increments, etc.* Bidding shall commence at the amount and on the terms specified in the Preliminary Successful Bid for each Policy or Policies, which shall be announced by the Trustee at the commencement of the Auction. Bidders

may submit successive bids either in increments of \$2,500.00 or greater than the prior bid for the purchase of one or more of the Policies. The Trustee shall have the right, in her discretion, to increase or decrease the successive bids increments. Bidding shall continue until there is only one bid for each Policy and/or the Policies that the Trustee has determined to be the highest and best acceptable offer for the Policy or Policies (the "Final Successful Bids").

(d) *Successful Bidder(s)*. At the conclusion of the Auction, the Trustee shall announce the Final Successful Bid for each Policy or group of Policies, and shall announce a back-up bid(s) ("Back-Up Bid(s)") that the Trustee has determined to be the second highest and best acceptable offer(s) for the Policy or Policies. At the Sale Hearing, the Trustee shall present the Final Successful Bids and Back-Up Bids to the Bankruptcy Court for approval.

(e) *Reservation of Rights*. The Trustee shall have the right, in her discretion, to: (i) request of the Court, without further notice, to adjourn the Auction; and (ii) withdraw a Policy or Policies from the Auction at any time prior to or during the Auction.

5. Sale Hearing. A hearing (the "Sale Hearing") will be conducted at _____ a.m./p.m. EDT, on **September 12, 2013** at the United States Bankruptcy Court, 1515 North Flagler Drive, 8th Floor, West Palm Beach, FL 33401, at which time the Trustee will present (i) the Final Successful Bids and (ii) the Back-Up Bids for approval by the Court, pursuant to the provisions of Sections 363(b) and(f) of the Bankruptcy Code.

6. Closing/Back-Up Bids. Within two business days following the conclusion of the Sale Hearing, on or before **September 16, 2013 at 4:00 p.m. EDT**, the makers of the Final Successful Bids must pay the balance of their offer(s) in full ("Final Payment"). If any of the makers of the Final Successful Bids fails to make the Final Payment, it shall be in default and in material breach of the Asset Purchase Agreement (a "Failed Bid"). Within two days after default, the Trustee shall notify the Back-Up Bidders of the Failed Bid on the relevant Policy or Policies, and the Back-Up Bid(s) on such Policy or Policies shall be deemed the Final Successful Bids so long as the maker of the applicable Back-Up Bid delivers the Final Payment within two business days after being notified that its Bid has been deemed the Final Successful Bid. If the maker of any Back-Up Bid fails to make the Final Payment, it shall also be deemed to have made

a Failed Bid. The maker of any Failed Bid shall forfeit its Deposit to applicable Debtors' estate. All deposits must be payable to Berger Singerman LLP Trust Account and delivered to the attention of Leslie Gern Cloyd, Esq.

7. Sale Implementation. Following the approval of the Final Successful Bids at the Sale Hearing, the Trustee will be authorized to take all commercially reasonable and necessary steps to complete and implement the transaction contemplated by the Final Successful Bids.

8. Closing. The Closing may be extended by the Trustee upon such terms and conditions as the Trustee deems to be reasonable.

PLEASE TAKE FURTHER NOTICE that the deadline (the "Sale Objection Deadline") for objecting to the sale of the Policies shall be **September 10, 2013 at 5:00 p.m. (EDT)**.

PLEASE TAKE FURTHER NOTICE that, on or before the Sale Objection Deadline, any party wishing to object to the sale of the Policies, must (i) file a written objection with the United States Bankruptcy Court, 1515 North Flagler Drive, 8th Floor, West Palm Beach, FL 33401, and (ii) serve a copy of such objection upon the parties identified below:

Leslie Gern Cloyd, Esquire
Berger Singerman LLP
350 East Las Olas Boulevard, Suite 1000
Fort Lauderdale, FL 33301
Telephone: 954 525-9900
Facsimile: 954 523-2872
lcloyd@bergersingerman.com
Counsel to the Trustee

PLEASE TAKE FURTHER NOTICE that the Trustee shall present the Final Successful Bids to the Bankruptcy Court for approval at the Sale Hearing. At the Sale Hearing, the Trustee will request that the Court enter an Order (i) approving the sale of the Trustee's

interest in the Policies that are the subject of the Final Successful Bids pursuant to 11 U.S.C. § 363(b).

Only objections made in writing filed with the Bankruptcy Court and properly served on or before the Sale Objection Deadline will be considered at the Sale Hearing. If no objection is so filed and served, it shall be deemed waived.

Dated: August ____, 2013

BERGER SINGERMAN LLP
Attorneys for Trustee
350 East Las Olas Blvd., Suite 1000
Fort Lauderdale, Florida 33301
(954) 525-9500 Telephone
(954) 523-2872 Facsimile

By: /s/ Leslie Gern Cloyd
Leslie Gern Cloyd
Florida Bar No. 303305
lcloyd@bergersingerman.com

EXHIBIT “D”

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION
www.flsb.uscourts.gov

IN RE: Lead Case No.: 12-30081-BKC-EPK
CLSF III IV, Inc., *et al.*, Chapter 7
Debtors. (Jointly Administered)

**ORDER APPROVING TRUSTEE'S EMERGENCY MOTION FOR ENTRY OF AN
ORDER: (I) AUTHORIZING SALE OF ASSETS FREE AND CLEAR OF INTERESTS;
(II) APPROVING BIDDING PROCEDURES; (III) SCHEDULING HEARING TO
CONSIDER APPROVAL OF PROPOSED SALE AND (IV) APPROVING FORM AND
MANNER OF NOTICE THEREOF**

THIS CAUSE having come before the Court on August ____, 2013 at _____
a.m./p.m., in West Palm Beach, Florida, upon the *Trustee's Emergency Motion for Entry of an
Order: (I) Authorizing Sale of Assets Free and Clear of Interests; (II) Approving Bidding
Procedures; (III) Scheduling Hearing to Consider Approval of Proposed Sale and (IV)
Approving Form and Manner of Notice Thereof* [ECF# ____] (the "Motion"). The Court having
considered the record finds that sufficient notice of the Motion was provided under the

circumstances and that the Trustee has demonstrated a sound business justification for the relief requested in the Motion. Therefore, it is

ORDERED that the Motion is **GRANTED**, as follows:

1. The Motion and the Notice of Sale and Bidding Procedures are **APPROVED** in their entirety.

2. The form and manner of the notice of the Auction and the Bidding Procedures are appropriate under the circumstances and are hereby **APPROVED**.

3. The deadline (the "Sale Objection Deadline") for objecting to the sale of the Policies shall be **September 10, 2013 at 5:00 p.m. (EDT)**.

4. The Sale Hearing shall take place on **September 12, 2013 at _____ a.m./p.m. (EDT)** at the United States Bankruptcy Court, 1515 North Flagler Drive, 8th Floor, West Palm Beach, FL 33401.

5. The Auction shall take place on **September 11, 2013 at 11:00 a.m. (EDT)** at the Offices of Berger Singerman LLP, 350 E. Las Olas Boulevard, Suite 1000, Fort Lauderdale, FL 33301.

6. Only objections made in writing, filed with the Bankruptcy Court and properly served on or before the Sale Objection Deadline, will be considered at the Sale Hearing. If no objection is so filed and served, it shall be deemed waived.

7. Within two business days after entry of this Order, the Trustee shall serve copies of the Sale Procedures Notice via First Class U.S. Mail upon the following parties:

- (a) All creditors and other parties in interest;
- (b) All entities known to have asserted a secured claim against the Debtors' estates;
- (c) Any parties who the Trustee believes may have an interest in purchasing the Policies;

(d) The United States Trustee's Office; and

(e) All parties that have requested notice pursuant to Federal Rule of Bankruptcy Procedure 2002.

8. The Court shall retain jurisdiction over any matter or dispute arising from or relating to the implementation of this Order.

#

Submitted by:
Leslie Gern Cloyd, Esq.
Berger Singerman LLP
350 E. Las Olas Boulevard
Suite 1000
Fort Lauderdale, FL 33301
Tel. (954) 525-9900
Fax (954) 523-2872
E-mail: lcloyd@bergersingerman.com

Copy furnished to:
(Attorney Cloyd is directed to serve a conformed copy of this Order upon all interested parties, and to file a Certificate of Service with the Court).