

# COALITION OF VESPERS POLICYOWNERS

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[www.privatesectorfix.info](http://www.privatesectorfix.info)

July 30, 2012

Dear Investor:

As you may recall, our firms are the legal policyowners of certain life insurance policies in which you invested under a program originated by VESPERS many years ago. We are writing to inform you of recent developments concerning those policies.

Enclosed please find a communication from Sinomatic Investment Holdings, LTD., the entity that has been funding premium payments due on certain of the VESPERS life insurance policies. In the enclosed communication, Sinomatic advises that it has ceased funding premium payments for all of the VESPERS policies, including those in which you invested.

You may recall that in mid-2007 VESPERS, the program's original sponsor and premium payment guarantor, determined that it would no longer fund the policy premiums. In August 2008, we sent you a letter concerning the implementation of the Master Funding Agreement, dated as of May 1, 2008 ("MFA"), pursuant to which Sinomatic undertook to fund the policies after VESPERS failed to do so. Attached to that letter was a schedule identifying your VESPERS policies that fell under and those that fell outside of the MFA as of July 16, 2008.

We have attached to this letter an updated schedule that explains the status of your VESPERS policies as of July 15, 2012.

Sinomatic began funding sixty seven VESPERS policies in September 2007. Sinomatic's involvement allowed almost half of those policies to mature, and the proceeds were distributed to investors and Sinomatic under the terms of the MFA. If Sinomatic had not agreed to fund these policies all sixty seven probably would have lapsed in late 2007 or 2008.

When the MFA took effect in July 2008, there were eleven VESPERS policies with adequate premium funding. Of those policies, seven of those policies have matured and the proceeds were distributed to the investors (less administrative expenses). The other four policies remain active.

As Sinomatic has explained in the enclosed letter, Sinomatic found itself unable to continue funding the policies because the VESPERS policies did not have reliable life expectancy projections and because its own capital resources were adversely affected by the economic problems that have affected the world since 2008.

Please review the attachment to this letter and our website, [www.privatesectorfix.info](http://www.privatesectorfix.info). You will learn that since the MFA's July 16, 2008, effective date,

- 21 VESPERS policies funded by Sinomatic matured under the MFA and another seven VESPERS policies that received Sinomatic funding matured before that date;
- 16 VESPERS policies funded by Sinomatic have expired (or lapsed) and another one expired due to VESPER's negligence, and
- 23 VESPERS policies funded by Sinomatic remain active as of this date. Five of those active policies plus the four active policies that were outside the MFA currently have adequate premium funding.

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Most of the recent VESPERS policy lapses occurred due to decisions made by Sinomatic. Unfortunately, we were not in a position to notify you in advance of these policy expirations because we had little or no advance notice of Sinomatic's decisions. If you have an expired VESPERS policy, the attachment will provide Sinomatic's reasoning for allowing the policy to expire.

We were able to arrange for Sinomatic to temporarily continue funding those active VESPERS policies that would have expired beginning in late June 2012. Sinomatic agreed to use its share of its proceeds from a few recent VESPERS policies maturities to provide premium funding while we get out this correspondence.

We are in contact with agents and brokers to discuss alternatives, which may include the sale of certain VESPERS policies, but by doing so we are not assuming any legal obligation with respect to your investments in the Vespers policies. We will continue to post updates on our website – [www.privatesectorfix.info](http://www.privatesectorfix.info), and we plan to write to you again about your active policies that require a new funding source. While we will take reasonable steps to keep you informed, you may wish to take additional actions regarding the active policies in which you have an interest. We urge you to consult your own advisors in this regard.

We want you to know that that a professional viatical policies servicing company services the active VESPERS policies by paying the premiums when due, searching the U.S. Social Security Master Death Index and obituaries databases for maturities, and submitting death claims when maturities are identified. This company also contacts the insured once a calendar quarter to confirm that the insured is alive while the policy is in force. This company does this work for all of the active VESPERS policies, whether or not the policy falls under the MFA. We understand that Sinomatic has agreed to maintain its contract with this company for the active VESPERS policies. We are in contact with this company, and we will share with you relevant information that we receive from them about your active VESPERS policies.

We regret that your investment in these policies has not yielded the hoped-for returns. We wish you the best for the future.

Sincerely,

**CHACONAS & WILSON, PC**

**YORKE BURKE & LEE, PA**

**LAW OFFICES OF WILLIAM A. MARR, JR.**

Note – The Coalition of Vespers Policyowners is an informal group composed of these three professional firms that own the life insurance policies that VESPERS acquired for you.

cc: Sinomatic Investment Holdings, LTD