AFFIDAVIT OF JAMES TORCHIA

Came before me, the undersigned, an officer duly authorized to administer oaths, JAMES TORCHIA, who, after being sworn, deposes and states as follows:

1. My name is James Torchia. I am over 18 years of age and I am competent to testify to the facts contained herein.

2. The facts contained in this affidavit are within my personal knowledge.

3. I am Chief Executive Officer of National Viatical, Inc. ("NVI").

4. NVI is incorporated in and under the laws of the State of Georgia. NVI's office is located in Woodstock, Georgia in the United States.

NVI's Objection to USI's Plan

5. NVI is impacted by USI's Plan of Compromise and Arrangement, filed (as revised) May 8, 2009 ("USI's Plan") as a contingent creditor of USI and as a litigant against USI. NVI is also a party to an existing contract with USI. Capitalized terms used herein that are not separately defined herein rely on the definitions in USI's Plan.

6. While USI sought a number of extensions of time to file its Plan with the Court, USI's Plan was only recently filed last month.

7. Ongoing litigation between USI and NVI is central to this Court's consideration of USI's Plan in two critical ways. First, USI's Plan requests a $500,000 "Litigation Contribution" to continue litigation against NVI without any discussion of the merits of the litigation, the real cost of the litigation, without any provision for NVI's counterclaims, and with part of the proceeds from the litigation going to the principals of USI. Second, NVI has offered to manage all of USI's policies for free to settle the litigation. USI wants to pay itself $7.2 million at the expense of USI's creditors to manage these same policies.

8. USI's Plan is a sham and a fraud on the Court. USI is not seeking to reorganize, it is seeking to justify its continued existence to the continued detriment of USI's creditors. Judging from USI's Plan, the sole reason for USI's continued existence is to manage 155 viatical policies until they mature. This is a liquidation, not a reorganization. USI mentions possibly offering some new product. Such experiments by USI's Shareholders do not justify USI's continued existence. A receiver should be appointed to manage the 155 viatical policies for the benefit of USI's creditors. NVI will do all of the work for no additional cost other than reimbursable hard costs (postage, copying, medical records fees, death certificate fees, etc.).

NVI's Contract with USI and the Litigation

9. In late July or early August, 2005, USI and NVI entered into the "Agreement By and Between Universal Settlements International, Inc., and National Viatical, Inc." (the "USI/NVI Agreement") in which NVI agreed to manage the TPI policies for and on behalf of USI, for a one-time upfront payment of $5 million. A true and correct copy of the USI/NVI Agreement is attached hereto as Exhibit A.

10. USI paid NVI $5 million in 2005. The $5 million was a prepaid fee for NVI to manage USI's recently purchased TPI viatical portfolio for the life of the portfolio. USI, now under new management (Messrs. Halas and Panos), disputes the bona fides of this transaction and argues that USI's prior president, Tony Duscio, paid NVI a brokerage commission on the sale of the TPI portfolio from a receiver out of funds "earmarked" for the purchase of the portfolio. USI contends Defendants stole $5 million from it with their former president's help. Defendants contend that USI's current management had no idea what was going on with the company at the time and simply were not aware of the bona fide portfolio management agreement entered into by USI and NVI.

11. On December 12, 2007, USI filed a complaint in the United States District Court for the Western District of Michigan against National Viatical, Inc., James Torchia, and Marc Celello (collectively "Defendants") styled Universal Settlements International, Inc. v. National Viatical, Inc., James Torchia, and Marc A. Celello, United States District Court for the Western District of Michigan, Case No. 1:07-CV-1243 (the "Lawsuit"). A true and correct copy of USI's Amended Complaint, filed June 12, 2008, is attached hereto as Exhibit B.

12. Defendants timely filed their answer and counterclaim for anticipatory breach of contract, quantum meruit/unjust enrichment, promissory estoppel, and contractually mandated attorneys' fees on January 30, 2008. A true and correct copy of Defendants' Answer and Counterclaim is attached hereto as Exhibit C. USI's numerous counts in its Complaint all boil down to the same cause of action for alleged fraud/theft/conspiracy by the Defendants and USI's former president, Tony Duscio. Defendants contend that all of USI's claims, no matter how dressed up, fail as a matter of law.

13. The stay initially sought by USI in these proceedings under the Companies' Creditors Arrangement Act (Canada) specifically excluded the Lawsuit. USI now seeks approval to spend $500,000 of what would otherwise be creditors' funds to continue its pursuit of the Lawsuit. This is fundamentally unfair to the Defendants because USI would be able to spend funds from the bankruptcy estate to pursue its claims, but Defendants' counterclaims are rendered virtually worthless by virtue of USI's insolvency. The Lawsuit should be either dismissed or stayed, or USI should be required to post a bond or other security for the amount of its exposure under Defendants' counterclaims. NVI intends on filing motions both in Canada and in Michigan to this effect if the Lawsuit is not settled.

14. The proceedings in the Lawsuit have been highly litigious and contentious. Since its inception, there have been 239 docket entries through June 4, 2009. A true and correct copy of the docket as of June 4, 2009 is attached hereto as Exhibit D. The Lawsuit is still in its infancy. Despite numerous motions and hearings, no depositions have yet been taken. Defendants have also filed a motion to dismiss for lack of personal jurisdiction that has not yet been heard or ruled upon. Defendants estimate that approximately ten to twenty (10-20) depositions will need to be taken in no less than two countries and four states. The Lawsuit is going to take years to reach a final conclusion. The Michigan court's Case Management Order has scheduled a jury trial in November 2009. It is clear that whichever party loses at trial will appeal on multiple grounds to the Sixth Circuit for the United States Court of Appeals and possibly to the United States Supreme Court. Accordingly, it could be 2011 before USI is able to recover any funds from Defendants in the unlikely event that USI prevails in the Lawsuit.

15. It does not appear that USI offered this Court or the Monitor any facts from which the Court, the Monitor, or USI's other creditors, could properly evaluate the merits of USI's claim in the lawsuit. Paragraph 4.5 of USI's Plan provides as follows:

> 4.5 Litigation Contribution and Litigation Recovery
>
> The Applicant shall have the power to continue the Actions, and the Litigation Contribution (including any portion of the Escrow Fund deposited into the Monitored Trust Account in accordance with Section 2.5 of this Plan) shall be made available to the Applicant and its counsel for the payment of the Applicant's legal fees and disbursements with respect to the Actions. As noted in the definition of "Litigation Contribution", U.S. $500,000 of the Litigation Contribution shall be made available from the Monitored Trust Account. In this Section 4.5, this is referred to as the "Litigation Contribution sourced from cash". In addition, any portion of the Escrow Fund paid into the Monitored Trust Account shall also be available as part of the Litigation Contribution. In this Section 4.5, this is referred to as the "Litigation Contribution sourced from the Escrow Fund".

No amount in excess of the Litigation Contribution shall be paid out of the Monitored Trust Account toward payment of the Applicant's legal fees and disbursements with respect to the Actions.

To the extent that the Litigation Contribution sourced from the Escrow Fund is not needed to pay the Applicant's legal fees and disbursements with respect to the Actions, the Litigation Contribution sourced from the Escrow Fund shall be distributed from the Monitored Trust Account in accordance with paragraph (b) of this Section 4.5.

The amount of the Litigation Contribution actually used to pay the Applicant's legal fees and disbursements related to the Actions shall be considered a deduction from the monies otherwise transferable from the Monitored Trust Account to the Ordinary Creditor Pool. The Litigation Contribution may be paid out of the Monitored Trust Account at any time, and from time to time, provided that sufficient funds are available in the Monitored Trust Account, and regardless of whether the funds at that time available for transfer to the Ordinary Creditor Pool are greater than or less than the amount of the Litigation Contribution sought by the Applicant at that time. However, no transfer from the Monitored Trust Account to the Ordinary Creditor Pool shall take place until the funds available for transfer to the Ordinary Creditor Pool in accordance with Section 4.8 of this Plan exceed the Litigation Contribution previously paid out of the Monitored Trust Account and then outstanding.

All Litigation Recovery will be deposited into the Monitored Trust Account, and shall be applied as follows (in each case without interest or deduction):

(a) first, to reimburse the Monitored Trust Account for the full amount of any Litigation Contribution sourced from cash and previously paid out to fund the Applicant's legal fees and disbursements with respect to the Actions;

(b) next, on a pari passu basis, to (i) reimburse the Monitored Trust Account for fifty percent (50%) of any Litigation Contribution sourced from the Escrow Fund and previously paid out to fund the Applicant's legal fees and disbursements with respect to the Actions, and (ii) pay to the Shareholders an equal amount;

(c) if payment of any portion of the Litigation Contribution previously resulted in a lower amount being transferred from the Monitored Trust Account to the Ordinary Creditor Pool, then the reimbursements in paragraphs (a) and (b)(i) of this Section 4.5, together with such additional funds as are available in the Monitored Trust Account from the Litigation Recovery, shall be paid into the Ordinary Creditor Pool to restore it to the position that it would have been in, had the Litigation Contribution not been paid out;

(d) next, an additional amount of the Litigation Recovery, equal to the total amount of the Litigation Contribution paid out to fund the Applicant's legal fees and disbursements, shall be transferred from the Monitored Trust Account into the

> Ordinary Creditor Pool, without regard to the formulae set out in Sections 4.6 and 4.8 of this Plan; and
>
> (e) any remaining Litigation Recovery shall remain in the Monitored Trust Account for distribution in accordance with this Plan.

USI's Plan further defines "Litigation Contribution" as:

> [A]n amount not to exceed the aggregate of (i) U.S. $500,000 to be contributed, pursuant to Section 4.5 of this Plan, from the Monitored Trust Account toward payment of the legal fees and disbursements incurred by the Applicant in the Actions, and (ii) the Escrow Funds to be paid to the Monitored Trust Account pursuant to Section 2.5 of this Plan and to be applied toward payment of any additional legal fees and disbursements incurred by the Applicant in the Actions.

As can be seen from the above, USI's discussion of the Lawsuit, the Litigation Contribution, the Litigation Recovery, and the Escrow Funds is a model of confusion designed to keep creditors from understanding anything about the Lawsuit/Litigation. No information whatsoever is given about the merits of the claims made in the Actions or the likely actual expenses required to fund the Actions. Although confusing, Paragraph 4.5 appears to allow a portion of the Litigation Recovery to go to the Shareholders under certain circumstances rather than to the Creditors. This is an improper transfer of corporate assets.

16. Since the time when this proceeding was filed under the Companies' Creditors Arrangement Act, the stay which was ordered by the court specifically excluded the Lawsuit. However, the Court did issue an order preventing any further payments to USI's counsel in the United States. In turn, USI's counsel, Mr. Bennett, expressed his intent to bring on a motion which would address and provide some basis on which the court could weigh the pros and cons of continuing with the litigation. However, USI's counsel failed even to attempt to live up to that promise and instead, have failed for whatever reason to try to justify the U.S. litigation to the Ontario Court and rather have decided to take the matter directly to the creditors as part of USI's Plan.

17. However, that action deliberately attempts to mislead the creditors by omission. The creditors have absolutely no basis to decide whether they should vote to invest corporate assets in further litigation as part of the Plan of Compromise. The creditors are not being properly informed of the fact that the action pending in Michigan was filed on behalf of USI. The Shareholders of USI are not parties to that litigation. Under the Plan, any possible award, while extremely speculative, is to be shared in part with the Shareholders. That is an improper transfer of corporate assets. The action in Michigan and any possible recovery belongs to USI, not to its Shareholders. Nevertheless, the plan seeks to transfer part of the assets of an insolvent company to the Shareholders in the event of a recovery.

18. Additionally, the Plan fails to inform the Shareholders that corporate assets were used to fund the litigation originally. No part of the legal fees came from the Shareholders, yet they seek to share in the recovery, again, while USI is insolvent. Furthermore, the Plan does not make clear whether any of the moneys which are to be paid are in regards to past billings, a preference for certain creditors, or whether the money is only to pay for prospective billings going forward.

19. Most importantly, the Plan fails to inform the creditors that the U.S. litigation is in its infancy and is closer to its beginning that to its end as described in Paragraph 14 above. Even if the entire $500,000 were committed to the U.S. litigation, USI's counsel could not complete the case without seeking further fees. None of these facts has been presented to the creditors.

20. USI has failed to inform the Ontario Court and the creditors that it is attempting to sever its rights from its obligations. USI has a contractual obligation to pay NVI's attorney fees in the Michigan action if NVI is successful. In fact, those fees are the subject of no less than five (5) counterclaims in the Lawsuit. USI is seeking to continue with the Lawsuit in the hope of receiving a recovery while failing to inform the creditors that USI seeks to evade its legal and

contractual obligations in the District Court by claiming that USI is in fact insolvent. NVI is preparing a motion to compel USI to post a bond in the U.S. District Court equal to its contractual obligations before it should be allowed to continue with that litigation. All of these facts are being denied to the creditors.

21. USI's evaluation of the merits of its case against Defendants should be given little or no weight in any event. Despite the numerous hearings and motions in the Lawsuit, Defendants have not yet had an opportunity to tell their side of the story on the record. Defendants have in fact prepared a motion for summary judgment on the merits of the Lawsuit, but have withheld filing it due to the pending motion to dismiss for lack of personal jurisdiction. USI's theory of liability in the Lawsuit has a lot of problems and no evidentiary support. Defendants believe that this Honorable Court should consider the merits of USI's claims before authorizing an insolvent company to continue to chase this rabbit through the briar patch. USI's investors have already put their hard-earned money at risk with USI and should not be forced to invest further in the Lawsuit. A draft of Defendants' motion for summary judgment prepared by United States counsel is attached hereto as Exhibit E. The motion explains the merits of the Lawsuit and I incorporate that discussion herein by reference rather than by repetition.

22. According to paragraph 4.5 of USI's Plan, it now seeks a "Litigation Contribution" of $500,000 to continue the Lawsuit in the hopes of recovering the $5 million (USD) prepaid management fee. Indeed, according to paragraph 16 of the Monitor's Seventh Report, USI has already paid $3.6 million in attorneys' fees and expenses pursing the Lawsuit and an arbitration proceeding against its former president (paragraph 29 indicates $3 million (US) in fees). Neither the Creditors nor the Monitor nor the Court have been given any information upon which to evaluate whether throwing another $500,000 in legal fees at the Actions would be a prudent use

of the Creditors' funds. Indeed, this would be a particularly bad investment of the Creditors' funds given NVI's current settlement offer which has a $7.7 million value to USI by USI's own admission. And settlement of the Lawsuit would protect USI from NVI's counterclaim for attorneys' fees and expenses upon being adjudicated the prevailing party.

USI's Bad Faith Money Grab

23. According to the Monitor's recently filed Seventh Report, USI also seeks to pay itself $100,000 per month, or up to $7.2 million over six years, to manage its remaining 155 policies (defined as "the Policies"). Paragraph 146 of the Monitor's Seventh Report, entitled "Administration Fee and Success Fee", states as follows:

> The Applicant [USI] seeks under the plan to be paid an Administration Fee for its continuing role in administering the Policies and providing the Monitor with the information required to act in its supervisory role. The Applicant is not required to account for its use of the amounts paid to it but is required under the Plan to perform specific duties and maintain standards of performance satisfactory to the Monitor. Any surplus will accrue to the Applicant and will not be reimbursed to the Monitored Trust Account for the benefit of the Creditors. The Administrative Fee in the Plan amounts to $1.2 million a year for up to six (6) years to a maximum of $7.2 million.

Paragraph 22 defines "the Policies" as follows:

> Prior to the sale of the TPI AIDS Portfolio, USI had approximately 700 policies under its administration on behalf of both its own corporate interests and the interests of Purchasers. As a result of the sale of the TPI AIDS Portfolio, USI now has 155 policies under its administration (the "**Policies**"). USI utilizes Mills as its US servicing agent to service 138 policies which includes the payment of premiums and other policy related services. Following Plan Implementation, Mills will continue to service the 138 policies and the remaining 17 will continue to be serviced by USI directly.

24. NVI originally contracted with USI to manage each of the 834 policies in the TPI Portfolio for the entire life of the portfolio, estimated to be approximately ten years (120 months), for a total prepaid fee of $5,000,000 (or approximately $50 per policy per month – 120 months multiplied by $50 per month multiplied by the 834 policies in the portfolio is

$5,004,000.00). USI is asking this Court to approve the payment to USI of $100,000 per month to manage 155 policies – an astonishing $645 per policy per month! This is particularly egregious given that USI's former president, Mr. Duscio, testified in February, 2005, that USI charged its own investors $50 per policy per month to manage the portfolio. (Pl.'s Br. Supp. Mot. Prelim. Inj., Ex. 28 at 64, filed in the Lawsuit). A true and correct copy of Mr. Duscio's testimony is attached hereto as Exhibit F.

25. Approximately $50 per policy per month, or somewhere in that neighborhood, is a customary and fair rate to charge to manage a viatical policy portfolio. It is the rate USI used to charge its own investors, it is the rate NVI charged USI for the TPI portfolio, and it is the rate NVI has charged the receiver for the United States Securities and Exchange Commission in a number of cases. USI is asking this Court and the Creditors to approve a rate thirteen (13) times this rate – to pay to itself.

26. This proceeding under the CCAA is not a restructuring action. The Applicant has strained to find reasons to justify USI's need to continue business. The Applicant is asking the Creditors to sanction a Plan under which the principals of the corporation will receive $100,000 a month, to essentially do nothing since, upon information and belief, USI is also paying outside consultants to assist with portfolio management. Upon information and belief, USI's Shareholders will receive a fee for managing the remaining policies much larger than any other company would charge for similar services. In fact, the proposed fees under the plan are vastly larger than the amounts that NVI was charging USI. These fees are nearly 13 times the commercially reasonable charge to manage such policies. This is in fact a fraud upon the Creditors. A receiver could hire NVI to manage the remaining policies for nothing. Taking this step will make an additional $7,000,000 to $8,000,000 U.S. dollars available to the Creditors. It

will also prevent the principals of USI from receiving a windfall. This option should have been explained to the Creditors.

27. This overreaching by USI shows that USI and its Shareholders are continuing to keep their own best interests in mind and not the best interests of USI's investors and creditors. Indeed, this bad faith money grab by USI demonstrates that USI should be liquidated, a receiver appointed, and the remaining Policies managed for the benefit of USI's creditors and investors.

NVI's Settlement Offer

28. NVI has offered and continues to offer to settle the Lawsuit against NVI, Torchia, and Celello for a simple walk away, mutual release as to all parties to the Lawsuit, and resumption of the viatical portfolio management contract. This offer was originally made at least as early as May or June of 2008. Although USI has now sold the TPI AIDS portfolio, NVI is willing to amend its offer of settlement to fully manage the 155 Policies for USI, or any appointed receiver or trustee, at no additional charge other than actual reimbursable hard costs. This would include all of the services described in the attached USI/NVI Agreement.

29. NVI continues to be ready, willing, and able to perform all of the services it has contracted to perform for USI for the *entire life of this policy portfolio and every policy in it.* This would save USI's creditors and investors not only the $7.2 million in management fees that would otherwise go to USI, but also the $500,000 Litigation Contribution (or at least a large portion of it) because the Lawsuit would be settled in the process – a total savings of approximately $7.7 million. USI would also be settling NVI's counterclaims in the process and that contingent liability of USI would be resolved. If USI refuses this settlement, then it is clearly not acting in the best interests of its creditors and investors.

30. Accordingly, NVI objects to the Plan to the extent that it seeks the $500,000 Litigation Contribution and $7.2 million in management fees for USI and its Shareholders – both of which can be avoided by incorporating the settlement of the Lawsuit into the Plan.

31. NVI objects to the Plan as offering creditors no information upon which creditors can evaluate the merits of the Lawsuit, the actual expenses of the Lawsuit, or the merits of Defendants Counterclaims. USI offers only its own self-serving statements regarding its view of the Lawsuit. Moreover, the Plan is incomplete because it does not incorporate provisions for paying a judgment against it if it is unsuccessful on its claims and NVI's counterclaims.

32. NVI objects to the Plan as fraudulent because it does not involve any actual restructuring of USI. Instead, the remaining assets of USI are going to be managed by USI until liquidated. USI wants to pay itself $100,000 per month for six years to manage these assets until liquidation. This $645 per policy per month fee is particularly egregious given that USI's former president, Mr. Duscio, testified in February, 2005, that USI charged its own investors $50 per policy per month to manage the portfolio. (Pl.'s Br. Supp. Mot. Prelim. Inj., Ex. 28 at 64, filed in the Lawsuit; Exhibit D).

33. NVI objects to the Plan and moves to appoint a receiver or trustee over the assets of USI for purposes of liquidating USI for the benefit of all creditors. NVI will still settle the Lawsuit by managing all of USI's policies for no additional fees – a savings of $7.7 million by USI's own admission. This $7.7 million can then be distributed to USI's creditors and investors rather than to lawyers and USI's principals.

<u>NVI's Experience and Qualifications to Manage the Policies</u>

34. NVI has excelled in the viatical and life settlement industry for over ten years. NVI manages viatical and life settlements, as well as settlement portfolios for accredited and

institutional investors. NVI has managed thousands of policies representing hundreds of millions of dollars in various life settlement portfolios.

35. NVI offers a state-of-the-art online tracking system and is currently the only company in the industry that provides this technology. NVI's portfolio management systems are among, if not, the most comprehensive in the industry.

36. Investors are supplied viator codes for the policies they have an interest in and can log into NVI's website via NVI's proprietary online tracking system. Investors can then view updated information on these policies such as updated medical information and other information NVI obtains while tracking the viator. The information NVI provides investors is updated on a regular basis through NVI's active management of each policy.

37. I am not aware of any other viatical company that actively manages policies as comprehensively as NVI does.

38. NVI calls every insurance company every month for each policy to verify that premiums paid have been received by the underlying insurance company and applied correctly to the correct policy number and NVI finds out when the next premiums are due to ensure no lapses occur. NVI verifies cash values and that there have been no changes to a viator's policy. Theoretically, someone could forge names on collateral assignments, which may lead to a dispute at the time of a death claim. NVI's practice of calling the insurance companies every month tends to lessen the likelihood of that issue, so there are no disputes when a death claim is presented. This practice also helps ensure prompt payment of claims by the insurance companies. NVI is also very cognizant of getting HIPPA forms and authorizations related to death certificates updated from viators.

39. NVI has a competent core portfolio management staff to perform these duties, and these staff members have been with NVI for numerous years.

40. NVI's normal portfolio management services include, but are not limited to: working directly with receivers to manage all facets of life settlements portfolios, tracking premiums, analysis of future premiums, obtaining updated medical records of viators to evaluate future carrying costs, tracking insureds, obtaining change of beneficiary forms, obtaining life expectancy certificates, obtaining death certificates, filing death claims, getting written updated verifications of insurance coverage on a regular basis and performing monthly phone verifications with the various insurance companies on each policy in a portfolio, tracking the cash value of policies in the portfolio, tracking policy loans and collateral assignments, and sending health statements to the treating physician of each viator between visits for updates.

41. NVI has been selected on multiple occasions by the United States Securities and Exchange Commission receivers to manage life settlement portfolios.

42. NVI was selected to manage the ABC Viaticals portfolio in Houston, Texas in 2005, which at the time contained approximately 54 policies and represented assets of approximately $230 million dollars. True and correct copies of the receiver's motion to employ NVI and Order granting said motion are attached hereto as Exhibits G and H respectively.

43. NVI has managed the Secured Investment Services portfolio for approximately one and a half years, which contains approximately 42 policies and represents assets of approximately $56 million dollars. NVI is currently managing the Secured Investment Services portfolio. True and correct copies the receiver's motion to employ NVI and Order granting said motion are attached hereto as Exhibits I and J respectively.

44. NVI was also selected to manage the Trade Partners portfolio in 2003, which at the time contained approximately 900 policies and represented assets of approximately $250 million dollars.

45. Trade Partners, Inc. ("TPI") was based in Michigan, and has been in receivership since 2003. In April, 2003, TPI's receiver, Bruce Kramer, (the "Receiver") hired NVI to manage the Trade Partners portfolio on an interim basis. I have attached a letter of recommendation from Bruce Kramer hereto as Exhibit K.

46. NVI was hired by the Receiver to manage the TPI portfolio for a fee of $25 per policy per month. This was a discounted rate charged by NVI as a "loss leader" in order to get into the business of managing viatical policy portfolios in the receivership.

47. This strategy was successful and NVI has subsequently been hired to manage similar receivership portfolios at its customary rate of $50 per policy per month. Michael Quilling, Esq. has selected NVI with federal court approval in 2 separate cases (ABC Viaticals and Secured Investment Services) in which Mr. Quilling acted as receiver.

48. In my capacity as CEO of NVI, I also assisted the Receiver in successfully negotiating the sale of TPI's policies to USI, a Canadian viatical settlement corporation.

49. NVI has direct experience managing policies for USI as it performed under the USI/NVI Agreement for over 18 months without incident.

50. Pursuant to the July 26, 2005 USI/NVI Agreement, NVI tracked the TPI policies for USI, filed claims for USI, obtained death certificates for USI, and managed this huge viatical portfolio for USI until USI's new management (the current Shareholders) attempted to renege on the USI/NVI Agreement in January 2007.

51. Despite the litigation, NVI continued to track viators in the TPI portfolio on a weekly basis, and notified USI and its counsel of the demise of any viators. NVI still has all the TPI portfolio viators in its system and is still in a contractual relationship with USI. I have attached NVI's tracking lists for the TPI portfolio polices hereto as Exhibit L and a list of all the TPI portfolio policies that have matured since USI's purchase hereto as Exhibit M.

52. NVI has offered and continues to offer its services to manage policies owned by USI in exchange for USI dismissing its case against me, NVI, and Celello with prejudice.

53. NVI still has all of its systems set up to continue management of the policies in the TPI portfolio, and NVI can easily add USI policies that were not in the TPI portfolio, and that were not previously tracked in NVI's system. NVI stands ready, willing and able to perform its previously contracted duties. However, USI's consent and cooperation (or that of a court appointed receiver) is imperative for NVI to step in and successfully manage the portfolio.

54. NVI can quickly update all files with new medical records and verifications of coverage. NVI can also check into any policies that may be distressed and look for different options.

55. Each USI file would immediately be checked when received and a manual update of a verification of coverage will be done immediately. Manual verifications of coverage via phone can be completed within days. This will ensure the true condition of the policies.

56. NVI would also update its online tracking services whereby the underlying investors can check on progress of each specific file in USI's portfolio of policies.

57. NVI's current proposal to perform the services it was originally contracted to do would eliminate the necessity of USI retaining and paying outside tracking services or accounting firms to manage the portfolio.

58. NVI has tracked the Trade Partners portfolio because it was paid to do so by USI. NVI is willing to keep its end of the bargain, and will continue to perform this service for the fees that have already been paid. In short, there would be no future charges for NVI's management of USI's entire remaining portfolio other than reimbursement of out-of-pocket expenses.

59. In contrast, it is my understanding that USI has proposed that $7.2 million dollars be set aside in its Canadian bankruptcy as a fee to USI for managing its own portfolio. I am not certain whether this includes, or is in addition to, fees USI pays to Mills, Potoczak & Company for portfolio management services. I also understand that it has requested that $500,000.00 be set aside for litigation fees and expenses for the continued pursuit of claims against me, NVI, Celello, and Duscio.

60. In my opinion, $7.2 million dollars for the continued management of USI's portfolio is extremely excessive, both in its own right, and especially in light of the fact that it has already paid NVI $5 million dollars for these services, is still in a contractual relationship withNVI, and NVI is ready, willing, and able to perform these services at no additional charge.

FURTHER AFFIANT SAYETH NOT.

JAMES TORCHIA

Sworn to and subscribed before me
this 4 day of June, 2009.

Notary Public

Lee M. Berman
Notary Public
Cherokee County, Georgia
My Commission Expires
July 8, 2012