

**CREDITOR UPDATE MARCH 2012**

As you know, on April 18, 2011, Jeffrey E. DeLuca, the Public Administrator of Nassau County (the "Public Administrator"), as Administrator of the estate of the decedent, William M. Parente, also known as William Michael Parente (the "Decedent"), filed with the Nassau County Surrogate's Court (the "Court"), the Petition to Determine Validity and Allowed Amount of Investor Creditor Claims (the "Net Equity Petition"; terms defined in the Petition and not otherwise defined herein are used herein as therein defined). All Investor Creditors with pending claims against the estate of Decedent (the "Estate"), as well as potential distributees of Decedent, were served copies of the Petition.

As set forth in the Net Equity Petition, the Public Administrator seeks an order, pursuant to New York Surrogate's Court Procedure Act ("SCPA") § 1809, New York Debtor and Creditor Law ("DCL") § 270, et seq., and federal and New York decisional law (a) confirming the Net Equity Method utilized by the Public Administrator in computing the allowed amount of each of the claims filed by the Investor Creditors, (b) determining that each of the Investor Creditors' claims be allowed in the Net Amount, as set forth in the Net Equity Petition and in the individual Public Administrator computations of claim previously

provided to each Investor Creditor, and (c) determining that the balance of each of the Investor Creditors' claims be disallowed.

On September 9, 2011, the Public Administrator filed with the Court a Motion for Partial Summary Judgment (the "Summary Judgment Motion"). All Investor Creditors with pending claims against the Estate were served a copy of all papers filed by the Public Administrator in support of the Summary Judgment Motion.

A limited number of responses to the Summary Judgment Motion were filed by Investor Creditors, and counsel for the Public Administrator replied to such responses. Thereafter, on December 27, 2011, the Honorable C. Raymond Radigan ("Referee Radigan"), the Special Referee appointed to hear and report to the Court pursuant to New York Surrogate's Court Procedure Act §506(1) and an order of The Honorable Edward W. McCarty, III, filed with the Court his interim report on the Summary Judgment Motion (the "Interim Report"). All Investor Creditors were served a copy of the Interim Report, together with Notice of Filing thereof.

In the Interim Report, Referee Radigan recommends that the Public Administrator's Summary Judgment Motion be granted and that the "Net Equity Method" be utilized by the Public Administrator to compute the allowed amount of each Investor Creditor claim. We are awaiting a decision and order of the Court regarding the Interim Report and the Net Equity Petition.

With respect to each of the separate "clawback" proceedings commenced by the Public Administrator in April 2011, the Court granted a stay in each such proceeding pending the issuance and service of an order deciding the Net Equity Petition. However, the Court authorized the Public Administrator and the respondents involved therein to continue discussions in an effort to resolve the issues underlying such "clawback" proceedings. If the Court grants the Summary Judgment Motion, the stay will be lifted and the Public Administrator will continue to prosecute the separate "clawback" proceedings which remain unresolved.

The Public Administrator will file its accounting as Administrator of the Estate within three (3) months after the Net Equity Petition has been determined. Of course, all Estate creditors will be served with notice of the commencement of the accounting proceeding (i.e., a Citation and Summary of Account) and will have an opportunity to be heard therein.

Prior to the commencement of the accounting proceeding, the Public Administrator will seek Court approval to make an advance partial distribution to each of the valid Investor Creditors. Once the accounting is approved by a decree of the Court, the Public Administrator will expeditiously make final distributions to all valid creditors of the Estate. It is anticipated that the Public Administrator will be in a position to make such final distributions before December, 2012.