



**NORTHSTAR FINANCIAL SERVICES (BERMUDA) LTD.
(IN LIQUIDATION)**

**RACHELLE FRISBY AND JOHN JOHNSTON
JOINT PROVISIONAL LIQUIDATORS**

**DELOITTE LTD.
CORNER HOUSE
20 PARLIAMENT STREET
HAMILTON HM 12
BERMUDA**

**Progress Report of the Joint Provisional Liquidators
("Report")**

15 July 2022

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INDEX OF DEFINED TERMS

In this Report, the following defined terms are used:

Defined Term	Meaning
AHCOI	the Company's ad-hoc committee of inspection
Barclays	Barclays Bank PLC
Blackrock	Blackrock Asset Management (UK) Limited
BMA	the Bermuda Monetary Authority
BMX	BMX Bermuda Holdings Ltd.
Carrington	Carrington Holding Company, LLC
Citicorp Act	the private Act entitled the Citicorp International Insurance Company Ltd. Act 1999, subsequently amended by the Citicorp International Life Insurance Company, Ltd. Amendment Act 2004
Class Representatives	the individuals appointed as class representatives pursuant to the Court's Order dated 26 August 2021, as described in Paragraph 37
Company	Northstar Financial Services (Bermuda) Ltd. – (now) in liquidation
Companies	together Northstar, Omnia, PBLA, and PBIHL
Companies Act	the Bermuda Companies Act 1981, as amended from time to time
Contract	an agreement to which the Company was a party pursuant to which it provided a Product for the benefit of a Policyholder
Court	the Supreme Court of Bermuda
Deloitte	Deloitte Ltd. of Corner House, 20 Parliament Street, Hamilton HM 12, Bermuda
Directions Hearing	the hearing before the Honourable Chief Justice held on 26 July 2021
DTH	Diversified Terra Holdings Ltd.
DTH Holdings	DTH Holdings Ltd.
ELFIs	Event Linked Financial Instruments
Finance Team	(before the JPLs' appointment) the team of individuals engaged by the Company before the JPLs' appointment to support its finance function and (since the JPLs' appointment) the individuals from that team whom the JPLs have retained as consultants and/or employees to support the activities of the Company's provisional liquidation and winding-up
Fund Houses	Fund houses such as BlackRock, Morgan Stanley, and Franklin Templeton
Galileo	Galileo Capital Partners, Ltd.
Global Bankers	the Global Bankers Insurance Group
GSRE 27	GSRE 27, LLC
IB Act	the Investment Business Act 2003, as amended from time to time
ILA	the Interim Amendment to Loan Agreement signed on 27 June 2019
Insurance Act	the Insurance Act 1978, as amended from time to time
JPLs	Ms Rachelle Frisby and Mr John Johnston of Deloitte, in their capacity as joint and several provisional liquidators of the Company
Lansare	Lansare Corporation
Metlife	Metlife International Insurance Ltd. (a company also formerly known as Citicorp International Insurance Company, Ltd., subsequently as Citicorp International Life Insurance Company, Ltd. and now Metlife)

Mr Lindberg	Mr Greg Lindberg
Nationwide Act	the private Act entitled the Nationwide Financial Services (Bermuda) Ltd. Act 1998
Northstar Act	the private Act entitled the Northstar Financial Services (Bermuda) Ltd. Private Act 2008, subsequently amended by the Northstar Financial Services (Bermuda) Ltd. Amendment Act 2018
Omnia	Omnia Ltd. – (now) in liquidation
Operations Team	(before the JPLs’ appointment) the team of individuals engaged by the Company before the JPLs’ appointment to support its operations function and (since the JPLs’ appointment) the individuals from that team whom the JPLs have retained as consultants to support the activities of the Company’s provisional liquidation and winding-up
PBIHL	PB Investment Holdings Ltd. – (now) in liquidation
PBLA	Private Bankers Life and Annuity Company Ltd. – (now) in provisional liquidation
Policy	an alternative term used for a “Contract”
Policyholder	the person beneficially entitled to the benefit of such a Policy in accordance with the terms of the governing instrument(s) by which that Policy was issued
Private Acts	the Nationwide Act, the Citicorp Act, and the Northstar Act
Product	a given category of investment contract and/or insurance policy (as applicable) offered to Policyholders of the Company under a given label or description, the Contracts marketed and sold in relation to which bear similar (though not necessarily identical) terms
Report	this report and accompanying appendices
SAC Act	the Segregated Accounts Companies Act 2000, as amended from time to time
Segregated Accounts	segregated or separate accounts in respect of investments made in the Company or Policies issued by it, as defined in the Segregation Application
Segregation Application	the application for directions commenced by the JPLs by ex parte Summons dated 1 June 2021 (amended 26 July 2021) for the determination of issues which have arisen in connection with the operation of the SAC Act and the Private Acts to which the Company has been subject from time to time
Segregation Issues	those issues identified in the 26 August 2021 Order arising out of the Segregation Application in relation to whether the Company established segregated or separate accounts in respect of investments made in it or Policies issued by it, and (if so) the consequences of that, as summarised in Paragraph 34
Winding Up Petition	the winding up petition presented by the BMA dated 18 September 2020

SECTION 1: OVERVIEW AND PURPOSE OF REPORT

1. This Report is the JPLs' update to the Policyholders and other relevant stakeholders of the Company on the ongoing liquidation process. The Report summarises key aspects in relation to the liquidation whilst taking into account, *inter alia*, the sensitive, confidential, and ongoing nature on some of these aspects. The Report is not intended to be a comprehensive account of all the activities and tasks undertaken by the JPLs.
2. The JPLs have kept and continue to keep the Court and the AHCOI (representing the interests of Policyholders and the general body of creditors) updated on the progress of various matters in relation to the liquidation. The JPLs hold a meeting with the AHCOI every two weeks to discuss key matters relating to the liquidation.
3. The JPLs are cognizant of the need to progress and/or finalize key aspects of the liquidation, in particular the Segregation Application and realization of assets, with an aim of making distributions to Policyholders and creditors at the earliest possible opportunity. The JPLs will continue to provide periodic updates to Policyholders, creditors, and other relevant stakeholders in this regard.
4. The report is structured as follows:
 - Section 1 provides an overview and purpose of this Report;
 - Section 2 provides background to, and an overview of, the Company's business;
 - Section 3 sets out the work undertaken by the JPLs since their appointment; and
 - Section 4 covers other pertinent matters in relation to the liquidation.

SECTION 1.1: LIMITS OF THE REPORT

5. The JPLs, in undertaking their work and preparing this Report, have principally relied upon information provided to them by the Operations and Finance Teams, Company records and information available from public sources. The information has not been audited by the JPLs, nor has its validity been independently verified. Except where specifically stated, the JPLs have not sought to establish the reliability of the sources of information presented to them by reference to independent evidence. Information contained in this Report may be subject to change in light of subsequent information or explanations that become available to the JPLs or due to the re-evaluation of information available to the JPLs at the time of preparing the Report in its final form.

SECTION 2: BACKGROUND AND OVERVIEW OF THE COMPANY'S BUSINESS

6. This section of the Report is designed to provide a background to, and an overview of, the Company's business. It addresses:
 - General information on the Company, along with a summary of key events since the Company's incorporation, including its amalgamation with Metlife;
 - The Company's licensing arrangements pursuant to which it operated its business;
 - The Company's acquisition by Mr Lindberg and Global Bankers;
 - The sources of the BMA's concerns over the solvency of the Company;
 - The circumstances of the JPLs' appointment; and
 - An overview of the investment Products sold by the Company.

SECTION 2.1: THE COMPANY

7. The Company was incorporated in Bermuda on 18 February 1998 as Nationwide Financial Services (Bermuda) Ltd. as an exempted company pursuant to the Companies Act.
8. On 6 April 2006, the Company changed its name to Northstar Financial Services (Bermuda) Ltd.
9. On 1 June 2007, the Company amalgamated with Metlife.
10. On 4 April 2008, the Company was registered as a segregated accounts company under the SAC Act, and on 14 November 2012, the Company amalgamated with NFSB Investment Ltd.
11. In August 2018, BMX purchased the entire issued share capital of the Company. As explained further below at Section 2.3, BMX is ultimately beneficially owned by Mr Lindberg through a series of intermediate companies.
12. On 9 August 2018, the Company was issued a licence under the IB Act. The licence permitted the Company to manage investments and safeguard and administer investments.

SECTION 2.2: THE COMPANY'S LICENSING ARRANGEMENTS GENERALLY

13. The Company is licensed as a Class C insurer under the Insurance Act.
14. The Company initially wrote long-term insurance business under the Nationwide Act (which covered fixed and variable annuities issued pre-2008 which were designated as insurance products) and under the Citicorp Act (which covered a small number of Metlife legacy contracts which were also designated as insurance products). The Company still has in-force Contracts under both the Nationwide Act and the Citicorp Act.
15. Subsequent to these Private Acts, the Company wrote investment Contracts known as ELFIs under the Northstar Act. The JPLs understand that the Company did not issue any insurance Contracts under the Northstar Act.

SECTION 2.3: MR LINDBERG AND GLOBAL BANKERS

16. In July 2018, the Company was acquired by BMX. BMX's ultimate beneficial owner is Mr Lindberg. Mr Lindberg is the ultimate beneficial owner of four entities, being:
 - the Company;
 - Omnia;
 - PBIHL; and
 - PBLA.

collectively the "Companies". The Companies form part of a larger group of entities ultimately owned by Mr. Lindberg and known as Global Bankers.

17. The Companies are all currently under the supervision of the JPLs. On 26 March 2021, the Court made a winding up order in relation to the Company. The Court also made a winding up order in relation to Omnia on the same day and made a further winding up order in respect of PBIHL on 9 April 2021, while PBLA remains in provisional liquidation.
18. The organisational structure chart in relation to the aforementioned entities (dated 9 August 2018) which was obtained by the JPLs from Company records is reproduced directly below for ease of reference (with the Company highlighted in green):

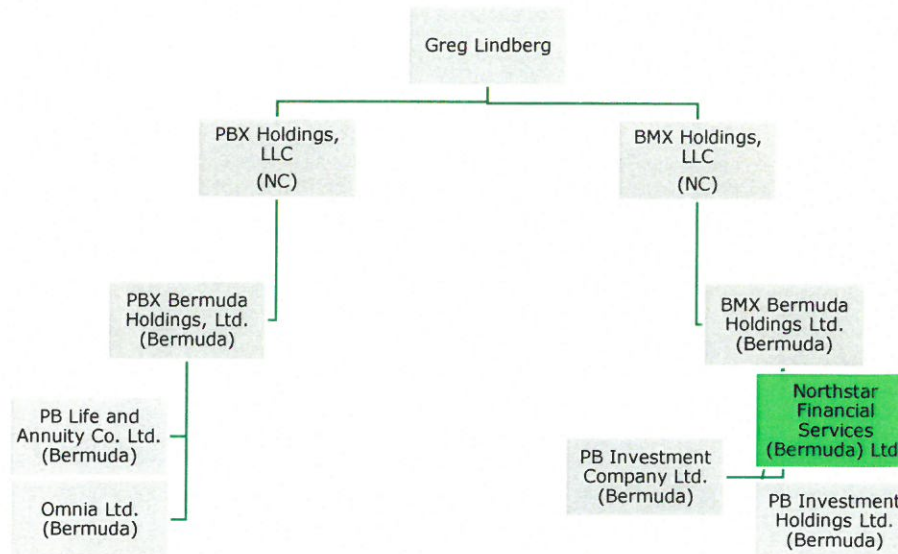


Image: Organisational structure chart of Bermuda entities

19. On or about 3 October 2018, the BMA was notified that the US Department of Justice had launched an investigation into Mr Lindberg. In March 2019 Mr Lindberg was indicted on charges of attempting to bribe the North Carolina Department of Insurance Commissioner on or around November 2018. The trial took place in February 2020, and Mr Lindberg was convicted on 5 March 2020 by a federal jury sitting in North Carolina of conspiracy to commit honest services wire fraud and bribery concerning programs receiving federal funds.

SECTION 2.4: SOLVENCY CONCERNS

20. Within six months of the Company coming under the control of Mr Lindberg (as described in Section 2.3 above), there was a reallocation of the assets of the Company.
- Prior to Mr Lindberg obtaining control of the Company, the Company's investment policy was to invest approximately 75% of sums supporting fixed Contracts in a portfolio of liquid fixed income securities managed by Blackrock. The policy was that the remaining approximately 25% of sums supporting fixed Contracts would be invested in a portfolio of higher-yielding investments, i.e. less liquid non-securities positions such as funds, loans, real estate and equities. The JPLs have not sought to verify whether, and during which periods, the policy was followed in practice.
 - Following the acquisition of the Company by Mr Lindberg, the majority of the liquid fixed income securities managed by Blackrock were sold. The majority of the sales occurred during the period between July 2018 and March 2019. The proceeds of these sales were invested in illiquid equity and debt instruments, mainly in special purpose vehicle structures, incorporated in the United States, under the control of Mr Lindberg.

21. Following Mr Lindberg's conviction in March 2020, the BMA received a number of complaints from the Company's Policyholders regarding unpaid surrender requests and was advised of a legal action commenced against PBLA in the US. In light of these events, the JPLs understand that the BMA became increasingly concerned about the solvency status and trading activities of the Company.

SECTION 2.5: APPOINTMENT OF THE JPLS

22. The BMA presented a winding-up petition on 18 September 2020. Following presentation of that petition, John Johnston and Rachelle Frisby, both partners at Deloitte, were appointed as the JPLs of the Company by an order dated 25 September 2020. Similar Orders were made on the same day in respect of the related entity Omnia.
23. On 26 March 2021, the Court made an order to wind up the Company and ordered that the appointment of the JPLs be continued. The Court also ordered that the JPLs hold the first meeting of creditors within six months of the winding up order i.e. on or before 26 September 2021, however, the JPLs have subsequently obtained further orders for the extension of the holdings of first meetings (discussed further below).

SECTION 2.6: OVERVIEW OF THE INVESTMENT PRODUCTS SOLD BY THE COMPANY

24. From the Company's marketing literature, the Company divided the kinds of Products it sold into three categories:
 - Fixed rate investment plans;
 - Variable investment plans; and
 - Indexed investment plans.
25. The distinction in this marketing literature between "fixed", "variable" and "indexed" Products is generally consistent with how these Products were described to the JPLs by those involved in operating the Company's business prior to the appointment of the JPLs, i.e. the Operations and Finance Teams.

Fixed Investment Plans

26. "Fixed" investment plans were those that sought to guarantee a particular defined return to Policyholders over a set period of time. The Policyholder would provide funds to the Company, the Company would invest those funds and the Company would then aim to use the proceeds of that investment to pay Policyholders a guaranteed return at a set interest rate over a set period of time.

Variable Investment Plans

27. *"Variable"* investment plans were those pursuant to which Policyholders had the opportunity to invest in a choice of different mutual fund assets. The Policyholder could choose the fund house(s) into which particular investments were made. The plan was *"variable"* in the sense that the return would depend on the performance of the underlying mutual fund investments. This is by way of contrast to *"fixed"* investments, where a return was guaranteed, or *"fixed"*, regardless of the performance of such underlying investments as might be made.

Indexed Investment Plans

28. *"Indexed"* investment plans were those investment Products which were designed to track the performance of a particular index. So far as the JPLs are aware from their investigations, the only Product which offered *"indexed"* investments is known as *"Global Index Protect"*. *"Indexed"* investments were designed to protect 100% of the principal amount invested while providing an additional *"index return amount"* which was derived from movements in a specified index, namely the S&P 500.

SECTION 3: WORK UNDERTAKEN BY THE JPLS

SECTION 3.1: ASSETS CUSTODY AND REALIZATION

29. In an effort to update and inform relevant stakeholders on the progress of the Company's liquidation, the JPLs have prepared an Estimated Statement of Affairs & Realized to Date statement, and a JPLs' Receipts & Payments Account.
30. The JPLs' calculations are based on the asset recoveries and/or valuations as at 18 February 2022 (reflecting the actual realisations and recoveries made to that date – these values could change in the future depending on any further recoveries made) and the liabilities quantified as at 24 September 2021 (being the first anniversary of the appointment of the JPLs).

Section 3.1.1: JPLs' Estimated Statement of Affairs & Realized to Date statement

NORTHSTAR FINANCIAL SERVICES (BERMUDA) LTD (IN LIQUIDATION)					
JPLS STATEMENT OF AFFAIRS & REALIZED TO DATE					
		25 September 2020	Year 1	Post Period Date	
		Book Value	Estimated to Realize	Realized to	Realized from 25 September
		\$	\$	24 September 2021	2021 to 18 February 2022
				\$	\$
ASSETS					
	Notes				
Cash and cash equivalent	1	3,494,262	3,494,262	3,494,262	-
Investment in affiliated investments	2	234,424,629	1	5,964,813	2,128,190
Non-affiliated investments: Level 1	3.1	12,088,625	12,088,625	2,302,650	9,273,876
Non-affiliated investments: Other	3.2	55,471,384	25,219,364	21,402,996	3,646,036
Non-affiliated investments: Fund Houses	3.3	104,690,916	104,690,916	73,789,447	(803,214) *
Non-affiliated investments: Holding Account	3.3	232,254	232,254	48,515,365	803,214 *
Non-affiliated investments: Warrants	3.4	334,740	1	364,385	-
Intercompany recharges	4	3,849,598	1	-	-
TOTAL ASSETS		414,586,408	145,725,424	155,833,919	15,048,102
LIABILITIES					
Fixed active and surrendered contracts	5	(301,976,272)	(301,976,272)	(304,625,165)	
Variable active and surrendered contracts	6	(104,923,170)	(104,923,170)	(122,304,812)	
General creditors	7	(465,750)	(465,750)	(465,750)	
Operating expense payable	8	-	-	(1,208,196)	
TOTAL LIABILITIES		(407,365,192)	(407,365,192)	(428,603,923)	
SURPLUS / (DEFICIT) TO CREDITORS		7,221,216	(261,639,768)	(272,770,004)	

* Withdrawal of funds from Mutual Fund Houses to Holding Account at the request of variable policyholders.

Section 3.1.2: JPLs' Receipts & Payments Account

NORTHSTAR FINANCIAL SERVICES (BERMUDA) LTD (IN LIQUIDATION)			
JPLS' RECEIPTS & PAYMENTS ACCOUNT			
FOR THE PERIOD FROM SEPTEMBER 25, 2020			
TO SEPTEMBER 24, 2021			
		Up to 24 September 2021	Period ending to 18 February 2022
		\$	\$
<u>RECEIPTS</u>			
Cash at bank as at 25 September 2020	1	3,726,516	
Loan interest and settlements	2	5,964,813	2,128,190
Returns from non-affiliated investments	3.1, 3.2	22,981,043	9,273,876
Cash received on hold from redemptions	3.3.1	51,205,186	803,214
Reinvestments	3.3.2		
Redemptions		7,769,739	
Subscriptions		(7,769,739)	
Intercompany recharge	4	372,569	-
Premium receipts	9.1	698,670	65,700
Management fees	10	271,840	154,121
Bank interest receipts		3,514	308
Recovery from reinsurer	11	-	158,995
		85,224,151	12,584,405
<u>DISBURSEMENTS</u>			
Employee salary & benefits	7	(2,733,135)	(648,317)
Policy administration expense	7	(1,016,213)	(787,497)
Other vendor payments	7	(570,847)	(86,537)
Bank & other charges		(56,724)	(16,631)
Reinsurance premium payment	9.2	(2,455,446)	(1,783,658)
Liquidation expenses	12		
Liquidators fees		(1,169,022)	(1,584,878)
Legal fees		(732,546)	(796,802)
Valuation fees		-	(3,850)
		(1,901,568)	(2,385,530)
		(8,733,933)	(5,708,170)
EXCESS OF RECEIPTS OVER DISBURSEMENTS AS			
AT 24 SEPTEMBER 2021 & 18 FEBRUARY 2022		76,490,218	83,366,452

3.1.3: Notes to the Estimated Statement of Affairs & Realized to Date statement and the JPLs' Receipts & Payments Account

31. The notes to the statement and accounts under Sections 3.1.1 and 3.1.2 are included in Appendix 1.

3.1.4: Other asset custody and realization activities undertaken by the JPLs

32. Other relevant activities undertaken by the JPLs in this regard include:
- Drafting various schedules and notes in respect of the current asset position and likely potential asset recovery position;
 - Engaging in negotiations with various relevant parties in relation to realization of assets; and
 - Reviewing and managing loan interest receipts and repayment of principal amounts owing from affiliated entities.

SECTION 3.2: THE SEGREGATION APPLICATION

33. By way of brief review, the Segregation Application is the JPLs' application to the Court which seeks the determination of questions and directions as to the Segregation of the Company's accounts. Following the JPLs' appointment and further to their review and initial investigations into the Company, the JPLs became aware that there may be issues in relation to the segregation of the Company's assets.
34. The Segregation Application was commenced by a summons dated 1 June 2021 (amended 26 July 2021) by which the JPLs sought directions from the Court on particular issues which have arisen in connection with the operation of certain (purportedly) segregated accounts under the private Acts to which the Company has been subject from time to time. In particular, the JPLs sought that the Court hold a substantive hearing to allow the Court to hear argument and give directions on the following questions:
- a) The extent, if any, to which the Company has established segregated or separate accounts in respect of investments made in it or Policies issued by it;
 - b) The extent, if any, to which the assets of the Company are to be held exclusively for the benefit of any such Segregated Accounts; and
 - c) The extent, if any, to which claimants in respect of any Segregated Accounts have claims against the general assets of the Company.
35. The JPLs, working alongside their legal counsel, have formed the view that the Segregation Issues are not straightforward, and that they raise difficult and uncertain points of law. The JPLs brought the Segregation Application to allow the issues to be considered by the Court, for the Court to receive full argument on all relevant points from all interested parties, and to enable the JPLs to obtain the Court's directions on how the Company's assets should be applied.

36. In order to facilitate the goals at the substantive hearing, the JPLs sought procedural directions from the Court at an initial directions hearing, including representation orders under which certain investors or policyholders would be appointed to represent the interests of particular classes of creditors. At the hearing on 26 July 2021, the Court heard from counsel for the JPLs as well as counsel for the then members of the AHCOI (solely in their capacity of members of that committee and not as parties to the proceedings).
37. By Order dated 26 August 2021, the Court, *inter alia*, granted the representation orders sought by the JPLs as follows:
- (a) an investor or policyholder in the Company and/or Omnia holding only variable investments shall be appointed as the Variable Representative and shall represent the interests of those investors or policyholders in the Company holding variable investments;
 - (b) an investor or policyholder in the Company and/or Omnia holding only fixed or indexed investments shall be appointed as the Fixed Representative and shall represent the interests of those investors or policyholders in the Company holding fixed and/or indexed investments; and
 - (c) a creditor of the Company and/or Omnia not holding any such investments or policies shall be appointed as the Creditor Representative and shall represent the interests of creditors in the Company not holding fixed, indexed or variable investments.
38. Following the 26 August 2021 Order, the JPLs began the process of identifying potential Class Representatives with a view to their appointment. The JPLs did not receive any nominations for persons wishing to act as Class Representative for the General Creditor Class and following an application to the Court, *Amicus Curiae* was appointed to represent the interests of the General Creditor Class. As set out in the correspondence issued by the JPLs to Policyholders and creditors on 23 February 2022, the details of the Class Representatives for the fixed and variable classes and their legal representatives, as well as the *Amicus Curiae* who represents the General Creditor Class, are set out below:

Class	Class Representative	Legal Counsel
Variable	Nestor Orland Solano and Carlos Roberto Solano	MJM Limited Thistle House 4 Burnaby Street Hamilton, HM 11 Bermuda Contact: Ms. Jennifer Haworth Email: variableclass@mjm.bm
Fixed	Maymouna Dwaydar, acting through Ms Dallal Dwaydar	Kennedys Law 20 Brunswick Street Hamilton, HM 10 Bermuda Contact: Mr. Nicholas Miles fixedclass@kennedyslaw.com
General Creditor	-	Chancery Legal ¹ Trinity Hall 43 Cedar Avenue Hamilton HM 12 Bermuda Contact: Mr John Blackwood (<i>Amicus Curiae</i>) Email: info@cl.bm

39. The JPLs have shared with the appointed Class Representatives and their respective legal counsel various documents relevant to the Segregation Issues and are actively working with them to advance the Segregation Application by way of a directions hearing and subsequently a substantive hearing.

SECTION 3.3: LEGAL PROCEEDINGS IN THE UNITED STATES

40. Following their appointment, the JPLs took steps to protect the assets and interests of the Company situated in the United States. In particular, the JPLs sought the protection of the United States Bankruptcy Court on the Company's then provisional liquidation for reasons including:

- Protecting and safeguarding of assets in the United States;
- Obtaining a stay of multiple litigations that could otherwise deplete assets to the detriment of Policyholders and creditors;
- Facilitating the turnover of Company files held by the entities associated with Mr Lindberg; and

¹ It is noted that Chancery Legal has recently changed its physical address in Bermuda. This information is the firm's current address.

- Recognition of the Bermuda proceedings as a foreign main proceeding which would assist in the administration of Company's assets, comprised of investments in entities registered in the United States that are directly or indirectly owned by Mr Lindberg.
41. The JPLs' request for a full recognition order of the Bermuda proceedings was granted in early 2021.
42. The other legal proceedings that the JPLs are progressing in the United States encompass, *inter alia*:
- Efforts to compel turnover of Company books and records by the entities associated with Mr Lindberg and other professional advisors and counterparties;
 - Motion seeking an order approving the use, sale, transfer, or other disposition of assets in the ordinary course of the Company's business; and
 - Obtaining multiple orders from the United States Bankruptcy Court directing production of documents from (a) investment counterparties, (b) other insiders including Mr Lindberg, his affiliates and other decision-makers, and (c) non-insiders who may have documents concerning the assets and financial condition of the Company.
43. Despite objections by the Lindberg entities and other stakeholders to the JPLs' efforts in the United States, the JPLs have made progress in their aim to (a) identify, protect and safeguard the Company's assets, (b) obtain Company books and records, and (c) conduct investigations and analysis in relation to the assets of the Company. The JPLs' efforts are continuing in this regard and further updates will be provided in due course.

SECTION 3.4: ACCOUNTING, BANKING & TREASURY

44. The JPLs' work relating to the accounting, banking & treasury functions of the Company includes:
- Oversight and management of the Company's bank accounts, finance and operations;
 - Reviewing and approving all payments leaving the Company's bank accounts. These include payments to IT service providers, reinsurance providers, employees, contractors as well as statutory payments such as payroll tax;
 - Preparation and review of cash projections, operating expenses and budgets;
 - Review and approval of monthly management fees and mutual fund revenue transfers into the Company;
 - Preparation and review of bank reconciliations; and
 - Managing the Company's banking relationships.

SECTION 3.5: ADMINISTRATION, PLANNING & STRATEGY

45. The JPLs continue to undertake various tasks in order to support the operations of the Company, realize assets and maximise eventual returns to Policyholders and creditors, including:
- Day-to-day tasks involved in the operation of the Company;
 - Internal strategy and case review meetings;
 - Closure of the Company's physical office and operations in Dubai;
 - Engaging with legal counsel in various jurisdictions to progress various legal matters involving the Company;
 - Engaging with the AHCOI on various pertinent matters in relation to the liquidation; and
 - Monthly review of all reinsurance payments made and approval to release payments to all related reinsurers.

SECTION 3.6: ENGAGEMENT WITH CREDITORS, THE AHCOI AND OTHER STAKEHOLDERS

46. In performing their duties, the JPLs continue to engage with various relevant stakeholders via:
- Communication and engagement with Policyholders and creditors;
 - Responding to policyholder enquiries and requests;
 - Preparing and updating FAQs available to distributors, Policyholders and other stakeholders; and
 - Updating the Company's creditors list and Policyholder details.
47. The JPLs continue to provide periodic updates to the Company's Policyholders, distributors, creditors, and other stakeholders on key matters in relation to the progress of the liquidation.
48. The JPLs also hold periodic calls with distributors and bi-weekly meetings with the AHCOI to deliberate pertinent matters in relation to the Company's liquidation.

SECTION 3.7: COST SAVING MEASURES

49. In concert with their asset recovery efforts, the JPLs continue to exploit opportunities meant to reduce the costs of the liquidation which will maximize eventual returns to Policyholders and creditors. In particular, following their appointment, the JPLs identified an opportunity to make significant savings on the administration of the various Policies and accounts maintained by the Company.
50. The JPLs have since successfully transitioned the administration of the Company's Policies from third party administrators to an in-house platform owned by the Company and administered by Lansare. The JPLs anticipate the transition to result in operational savings of c. \$1 million annually.

SECTION 3.8: OTHER WORK UNDERTAKEN BY THE JPLS

51. In addition to the tasks covered under Sections 3.1 to 3.7, the JPLs also continue to:
 - Review accounting books and records of the Company to identify and secure company assets;
 - Conduct forensic investigations and reviews of information obtained from various sources in relation to the Company's assets and affairs;
 - Deal with the Company's tax filings and return obligations;
 - Respond to regulatory enquiries and deal with the licensing arrangements of the Company;
 - Review and process Policyholders' redemption requests;
 - Undertake Anti-Money Laundering/Anti-Terrorist Financing due diligence and related tasks, as appropriate;
 - Review, understand and document reinsurance agreements between the Company and external reinsurers;
 - Renew fund house due diligence requirements and other compliance processes; and
 - Update Company forms, procedures, and systems.

SECTION 4: OTHER MATTERS

SECTION 4.1: THE FIRST MEETINGS OF CREDITORS AND CONTRIBUTORIES

52. As noted in paragraph 23, on 26 March 2021 the Court ordered that the Company be wound up and ordered that the time for holding the meetings of creditors and contributories of the Company under section 171 of the Companies Act 1981 (the "First Meetings") be extended for the period of six months from the date of the Winding-Up Order i.e. until 26 September 2021.
53. The JPLs filed an application seeking that the time for the holding of First Meetings shall be extended for a further period of six (6) months i.e. until 26 March 2022 and the Court granted the JPLs' requested extension by Order dated 17 September 2021.
54. Considering that the JPLs required additional time to continue to investigate the financial affairs of the Company - but primarily to resolve the various complex legal issues, mainly the segregation issue (covered under Section 3.2) - that have an impact on how creditors may vote during the First Meetings, the JPLs made an application for a further extension of the time for the calling of the First Meetings.
55. By Order dated 16 March 2022, the Court granted the JPLs' request for an extension of time for the holding of the First Meetings for a further period of six (6) months from 26 March 2022 to 26 September 2022. The JPLs are diligently working towards resolving the segregation issue and other matters that will allow for the holding of the First Meetings at the earliest possible date.



Rachelle Frisby – Joint Provisional Liquidator

Dated this 15 July 2022

APPENDIX 1: NOTES TO THE ESTIMATED STATEMENT OF AFFAIRS & REALIZED TO DATE STATEMENT AND THE JPLS' RECEIPTS & PAYMENTS ACCOUNT

1. CASH AND CASH EQUIVALENT

Cash available in the Company's general account, variable investment account, fixed investment accounts, and trust and non-trust accounts as at the date of the appointment of the JPLs was \$3,494,262. This has been recovered for the benefit of the estate.

2. INVESTMENTS IN AFFILIATED ENTITIES

These are investments in entities that JPLs consider to be affiliated to Mr Lindberg. The JPLs understand these investments are in the form of loans and preferred equities.

The total carrying value of investments in affiliated investments as of 25 September 2020 was \$234,424,629 in accordance with the ILA, as well as other loan agreements/preferred equity agreements in possession with the JPLs.

During the reporting period to 24 September 2021, the JPLs recovered the following:

- Settlement of 3BL Media, LLC loan on 17 June 2021 for \$3,218,374; made up of \$3,138,299 of outstanding principal and \$80,075 of outstanding interest. The JPLs believe this is the full settlement as per the ILA; and
- loan interest payments from a number of affiliated investments totaling \$2,746,439.

From the period 25 September 2021 to 18 February 2022, the JPLs received further realization from the following:

- Settlement of TAC, LLC loan on 28 January 2022 for \$1,151,045; made up of \$1,139,361 of outstanding principal and \$11,684 of outstanding interest. The JPLs are currently reviewing the loan and closing documents to confirm whether full settlement has been received per the ILA; and
- Loan interest payments from a number of affiliated investments totaling \$977,145.

3. INVESTMENTS IN NON-AFFILIATED INVESTMENTS

3.1 Level 1

The Company invested in non-affiliated investments including, but not limited to, corporate bonds, asset-backed securities, warrants and other mortgage investments. These are managed by BlackRock.

The reduction in value between the two periods is the result of (1) the liquidation of a portfolio to pay off reinsurance premiums and (2) general reduction in market value.

During the reporting period to 24 September 2021, the JPLs received a number of dividend and interest receipts and realization from this portfolio in the sum of \$2,302,650.

Since 24 September 2021, the full portfolio has been liquidated with the intention to reinvest the funds to a term deposit in order to reduce the cost incurred for managing this portfolio by the previous investment managers.

3.2 Other

These assets are interests in other non-affiliated entities. Namely, Carrington in the form of a loan, and DTH and DTH Holdings in the form of equity. The combined carrying value as at September 25, 2020 (based on records available to the JPLs) was \$55.47 million.

During the reporting period to 24 September 2021, the JPLs received the following:

- An interim distribution of \$240,549 from Galileo on 21 October 2020. The interest in this company is held by DTH Holdings; funds from distribution from this company are in DTH Holdings' bank account;
- \$80,000 was received as the settlement on the outstanding loan balance of TH Properties on 17 February 2021. This was a loan provided by DTH Holdings. This settlement is in the bank account of GSRE 27, a subsidiary of DTH Holdings.
- The JPLs took control of the bank account in DTH Holdings on 23 February 2021. The bank balance prior to distribution received from Galileo was \$95,726. The JPLs also have control of the GSRE 27 bank account, and the bank balance in this account prior to distribution received from TH Properties was \$308,328; and
- On 1 July 2021 the settlement of a loan given to Carrington for \$20,678,393; comprising \$19,942,728 of outstanding principal and \$735,665 of outstanding interest. The JPLs believe this is the full settlement as per the agreements.

Since 24 September 2021, the JPLs have received further realizations from the following entities:

- An interim distribution totaling \$2,646,036 from Galileo, comprising of \$673,536 on 18 October 2021, \$721,646 on 26 November 2021 and \$1,250,854 on 3 February 2022. The funds for these distributions are also in DTH Holdings' bank account and under the control of the JPLs;
- Initially, the JPLs received a settlement offer from Here Media, Inc in respect of a loan of \$750,000. The JPLs were able to re-negotiate the settlement and received an increased offer \$1,000,000 on 3 November 2021. This is a loan provided by DTH Holdings. This settlement is also in the bank account of DTH Holdings.

3.3 Fund Houses

Funds from variable products have been invested in non-affiliated entities via fund houses such as Fund Houses. The value of the investments is based on Company records available to the JPLs. As at 24 September 2021, the market value of the investments in the Fund Houses is \$122,304,812, of which \$48,515,365 is the accumulated value of the Contracts as at the date of the surrender. It is important to note that the market value will fluctuate.

When the JPLs were appointed, communications were sent to Policyholders which included information regarding trades of variable investments. Subscriptions and transfers have been disallowed; however, Policyholders may, at their discretion, withdraw their funds from the Fund Houses and place funds into holding accounts.

3.3.1 Cash received on hold from redemptions

These are Contract surrenders executed at the request of Policyholders. The funds have been placed in a holding account under the control of the JPLs totaling \$51,205,186 as at 24 September 2021. Note that \$2,689,821 of the total is being reviewed by the JPLs for surrender charges, management fees, and other fees that may be required to be paid out.

3.3.2 Reinvestments in Fund Houses

There were a number of subscriptions that were processed a few days prior to the appointment of the JPLs. These trades were deposited into the Company's bank accounts post-appointment, but before the JPLs were able to take control of these bank accounts. The reasons for the subscriptions include the following:

- On an annual basis, Fund Houses perform their annual due diligence review. The Company was classified as "not in compliant" with one of the Fund Houses due to the circumstances surrounding Mr Lindberg's indictment, and they terminated their service agreement with the Company. As a result, the Company was compelled to withdraw all investments in that Fund House. These funds were reinvested into other Fund Houses;
- Variable Policyholders requested transfers between Fund Houses; and
- Some Policyholders invest in models. On a periodic basis, the Company performs asset rebalancing in order for the models to be in line with their intended allocation.

Funds invested as at 24 September 2021 total \$7,769,739 and are under the control of the JPLs but are susceptible to market fluctuations.

3.4 Warrants

There are a number of Policyholders that hold products that are linked to indexed investments, which are warrants. These warrants were issued by Barclays referenced to the S&P 500 index. The value of the warrants as of the appointment of the JPLs was \$334,740. The value is subject to the fluctuation in prices of the index. These warrants are under the control of the JPLs.

4. INTERCOMPANY RECHARGES RECEIVABLE

The Company has historically paid for salaries (employees and consultants) and vendor payments of the Companies. The allocation of cost was internally agreed by the former management of Northstar. These three companies are currently in formal liquidation proceedings of which the JPLs are also appointed the same for PBLA, Omnia, and PBIHL.

Any outstanding balances prior to the appointment of JPLs in the three companies are considered to be unsecured claims against the three entities. Northstar will make a claim once these respective entities call for proofs of debt. The estimated realizable amount for pre-appointment recharges is uncertain at this point in time.

The JPLs reviewed the cost allocation of intercompany recharges post the date of the provisional liquidation and made some adjustments. The JPLs expect to recover outstanding post-provisional liquidation recharges from the three entities as an expense of those respective liquidations.

During the reporting period to 24 September 2021, Omnia made a number of payments to cover their intercompany recharge payable. These payments totaled \$372,569.

The table below details the breakdown of pre- and post-appointment intercompany recharges payable as at 24 September 2021 and 2020, respectively:

	2021	2020
Pre-appointment	\$ 3,849,597	\$ 3,849,597
Post-appointment	561,980	-
Total	\$ 4,411,577	\$ 3,849,597

5. ACTIVE AND SURRENDERED CONTRACTS IN THE FIXED PRODUCTS

The table below provides an overview of the active and surrendered Contracts relating to Policyholders who had invested in fixed investment products. The increase in policy value is due to accrued interest on those respective contracts:

	2021	2020
Active contracts	\$ 167,280,561	\$ 200,252,644
Surrendered contracts	137,344,604	101,723,628
Total	\$ 304,625,165	\$ 301,976,272

6. ACTIVE AND SURRENDERED CONTRACTS IN THE VARIABLE PRODUCTS

The table below provides an overview of the active and surrendered contracts relating to policyholders who had invested in variable investment products. The increase in policy value is due to fluctuations in the money and investment markets.

	2021	2020
Active contracts	\$ 73,789,447	\$ 104,690,916
Surrendered contracts	48,515,265	232,254
Total	\$ 122,304,812	\$ 104,923,170

7. GENERAL CREDITORS

The Company engaged with a number of vendors and service providers to assist in the day-to-day operations of the business. Some payments to these vendors were outstanding as of September 25, 2020, which will be treated as unsecured claims to the Company.

8. OPERATING EXPENSE PAYABLE

The Company incurs expenses to pay staff, consultants, vendors and other service providers to continue some of the processes that are vital to the day-to-day management of the Company. These include, inter alia, policy administration, finance, due diligence and compliance work, IT and communications, trustee and custodian fees, together with other day-to-day operational expenses of the Company.

The JPLs reviewed the operational expenses of the business and assessed whether the Company should continue to engage with each vendor, considering the status of the Company. In some circumstances, the JPLs terminated service agreements with some vendors that were no longer necessary for the operations and liquidation process, in order to limit the costs to the liquidation estate.

9. PREMIUM

9.1 Premium receipts

Premiums are paid to the Company based on the individual circumstances and decisions made by Policyholders i.e. should a Policyholder think it beneficial to keep the Policy in-force they will continue to pay premiums. The Company continues its duty to notify all Policyholders if their policy is nearing the end of its term.

All premiums received from Policyholders have two purposes: (1) to pay the related cost of insurance i.e. reinsurance for the specific policies (where applicable), and (2) to maintain or increase the Policyholder's existing contract value.

9.2 Reinsurance premium payments

As part of the Company's risk mitigation strategy, certain blocks of business have been reinsured. This allows the Company to mitigate potential financial losses and to protect Policyholders to the extent possible, given the circumstances. It should be further noted that no reinsurance policies have been cancelled since the appointment of the JPLs.

10. MANAGEMENT FEES

These are fees received by the Company for managing the variable investments in the Fund Houses, taken pursuant to the terms of the policy contracts.

11. RECOVERY FROM REINSURER

A reinsurance recovery from Swiss Re on 21 October 2021 was collected for \$158,995 in relation to the unfortunate death of a Policyholder. At this time, the receipt is ring-fenced for the benefit of the Policyholder's beneficiaries until the Segregation Issues have been determined by the Court.

12. FUNDING LIQUIDATION FEES & OPERATING EXPENSES

The Company has experienced a shortfall in cash available to fund general expenses given that the operating expenses exceed the Company's income. This shortfall, along with liquidation fees, has been charged to date against assets that have been recovered under the fixed class.

During the reporting period to 24 September 2021, \$3,050,000 has been withdrawn from the fixed class accounts to fund liquidation fees and costs, legal fees and operating expenses. \$1,901,568 has been paid out in respect of liquidation fees and expenses to 28 February 2021, and \$1,148,432 was utilized for payment of operating expenses.

Liquidation fees subsequently paid to 18 February 2022 reflects work performed to 31 July 2021. Liquidation fees and costs are reviewed by the AHCOI prior to being paid.

Recharges will be made to the different classes depending on the outcome of the SAC hearing and directions that will be made by the Court.