

IMET Update - Given at the February 24, 2016 Village Board Meeting.

The Village received an update dated 2/18/16 from IMET stating the estimated net realized value (NRV) from theft through fraud was lowered from 53.5% to 47.6%. This was also reported in the business section of the Chicago Tribune on Sunday February 21, 2016. As with all the IMET updates, they are uploaded to the Village website and can be found under the transparency portion of the website.

I would like to put some context to the recent update and article in the paper. Generally Accepted Accounting Principal (GAAP) rules, which govern IMET and its members, states that in order to be realizable, the event has to meet two criteria: 1 - It has to be likely to occur, and 2 - It has to be measurable.

The first wave of recovery meets both of these criteria. The hard assets of the thief were willfully turned over to the receiver for liquidation into the IMET Trust. These assets included houses, luxury cars, jewelry, boats, promissory notes and five hotels. The fifth and final remaining hotel has a \$25 million bid pending the courts approval on 2/29/16. After accounting for these liquidations and cost of recovery, the net realizable value was reduced to 47.6%.

The next wave of recoveries are difficult to quantify and will take a longer time to recover so they are not included in the percentage 47.6% NRV.

These recoveries include, but are not limited to -

- IMET's lawsuit against the USDA (Members have been leaning on their state representatives for support in the court system).

- Potential recoveries from claims against third parties (co-conspirators).

- Potential recoveries from fraud insurance coverage (both IMET and the advising agents coverage) .

- Potential recoveries from litigation against third parties (from the more than 250 subpoenas issued).

- Recoveries from assets in the estate that the receiver/court currently have not been able to put a value on.

I will keep the Village Board informed as recoveries are received by the Village.

Sincerely,

John Sawyers