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Village of Plainfield
Trustee

Robert Fialkowski
Interim Executive Director

Debra A. Zimmerman
Associate Director

May 2, 2016

Dear IMET Liquidating Trust Participant:

IMET PARTICIPANT UPDATE
MAY 2, 2016

Settlement of Greenberg Traurig Fee Dispute

As previously advised, Pennant's counsel, Greenberg Traurig ("Greenberg") filed various applications with the Court seeking payment of over $2 million in legal fees and costs from the Overall Receivership Estate. The Court has denied these motions and ruled that the only fees Greenberg is entitled to are the fees and costs related to services where Greenberg was specifically retained by the Overall Receiver to provide services for the Overall Receiver. The Court has instructed the Overall Receiver to attempt to reach a resolution with Greenberg concerning the amount of such limited fees and costs.

Prior to the appointment of the Overall Receiver, Greenberg took $562,761 from the proceeds of the Receivership without Court approval. IMET objected to this payment.

The Overall Receiver has now reached a settlement with Greenberg over the limited fees to which Greenberg is entitled and agreed that Greenberg is to be paid a total of $403,597 in such fees and costs. As Greenberg already took $562,761 from the Receivership Estate, Greenberg has agreed to repay $159,164 to the Overall Receiver. As part of the settlement, Greenberg also agreed it would not appeal the ruling of the Court denying it the vast majority of fees it was seeking. This settlement is set to be approved by the Court on May 5, 2016.

Mediation with Pennant Entities

On April 18, 2016, IMET, along with the other investors in the First Farmer's Financial fraud (the "FFF Fraud"), participated in a mediation with Pennant, Great Banc, and U.S. Fiduciary (the "Pennant Entities"), their counsel, and representatives of the Pennant Entities' insurance carriers regarding investor claims against the Pennant Entities arising from the FFF Fraud. Former United States Bankruptcy Judge John Squires presided as mediator. Counsel for the Department of Labor also participated on behalf of certain employee stock ownership plans that made investments in the FFF Repo B through the Salem Short Term Investment Fund, an investment fund affiliated with the Pennant Entities. In addition, a number of attorneys for various IMET Participants who invested in IMET's Convenience Fund were present and participated in the mediation.

The parties were unable to reach a settlement at the mediation. The insurance carriers for the Pennant Entities raised certain factual and legal issues concerning the applicability of the insurance coverage(s). IMET and the other investors in the FFF Fraud continue with their discussions with the Pennant Entities and their insurers about a potential resolution.

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CONTINUED ....IMET PARTICIPANT UPDATE

Update on USDA Issues

As previously advised, the United States Department of Agriculture ("USDA") filed a claim for approximately $105 million with the Overall Receiver. The USDA believes that its claim has priority over the investors based on the Federal Priority Statute, 31 U.S.C. § 3713, which imposes priority on claims of the United States government. IMET's counsel, counsel for the investors in their claim against the USDA and the Overall Receiver are attempting to work out a resolution with the USDA which would permit the Overall Receiver to distribute funds to the investors. The USDA is currently considering a proposal made by counsel for the investors. The Court has agreed to assist in negotiations with the USDA if needed and has ordered USDA counsel to appear at the status hearing scheduled for May 5, 2016.

Update on IRS Tax Issues

The Internal Revenue Service ("IRS") has indicated to the Overall Receiver that it has a claim against the Overall Receivership Estate arising out of certain unpaid federal taxes by FFF and Nikesh Patel. As with the USDA, the IRS may have priority over the investors under the Federal Priority Statute. The IRS, however, has advised the Overall Receiver that it will subordinate its claim in favor of the investors if the Overall Receiver can provide sufficient evidence that the assets in the Overall Receivership Estate are traceable to funds provided by the investors. The Overall Receiver is working on preparing such a tracing analysis, and is awaiting additional document production of certain bank records needed to complete this analysis.

Assets Currently Held by Overall Receiver

As of May 2, 2016, the Overall Receiver is holding approximately $71.5 million. The Overall Receiver has stated he will not make any distributions to the investors until a resolution is reached (or the court has ruled) regarding the USDA and IRS claims as the Overall Receiver may have personal liability if he makes a distribution in derogation of the claims of the United States.

Should you have any questions, don't hesitate to call Bob Fialkowski at IMET or IMET's outside counsel, Randall Lending of Vedder Price (312-609-7500).

Sincerely,

Christy Powell

Christy Powell
Chairman