February 10, 2017

Dear IMET Liquidating Trust Participant:

**IMET PARTICIPANT UPDATE**

The following is to update you on certain developments relating to the First Farmers Financial repo matter.

**Mediation with Pennant Entities**

On May 11, 2017, IMET, along with the other direct investors in the First Farmer's Financial Repo B fraud (the "FFF Fraud"), will participate in a second mediation with Pennant, Great Banc, and U.S. Fiduciary (collectively 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. The mediation will take place in Chicago and Jed D. Melnick, Esq. from JAMS (New York) has been selected as the mediator. Counsel for the Department of Labor intends to participate 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. As we previously advised, the first mediation with the Pennant Entities was unsuccessful, but we are hopeful that the second mediation will lead to a resolution of the investors' claims against the Pennant Entities. If anyone has a desire to participate in this mediation, please contact IMET's outside counsel, Randall Lending of Vedder Price at 312-609-7500.

**Update on USDA Litigation**

On August 31, 2016, IMET and six other direct investors victimized by the FFF Fraud filed a lawsuit against the USDA in the United States District Court for the Northern District of Florida (Case No. 16-cv-00294-MW-GRJ). IMET and the other investors alleged that the USDA was negligent, among other things, in approving First Farmers Financial as a certified lender under the USDA’s Business and Industry Guaranteed Loan Program.

On December 5, 2016, the USDA filed a Motion to Dismiss asserting, among other things, that the Court lacks subject matter jurisdiction to hear the claim, that the complaint fails to state a claim upon which relief can be granted and/or improper venue. IMET’s outside counsel in the matter, René A. Torrado, Jr. of Corboy & Demetrio P.C., began to conduct written discovery to uncover additional relevant facts prior to filing the investors' response to the USDA’s Motion to Dismiss. On January 13, 2017, the USDA filed a Motion to Stay Discovery and Case Deadlines, seeking to stop the discovery being conducted by IMET and the other investors. It is Mr. Torrado’s position that the investors need discovery from the USDA in order to effectively respond to the USDA’s Motion to Dismiss. We are currently awaiting the Court’s ruling on whether such discovery will be allowed to proceed. The briefing on the Motion to Dismiss has been suspended until the Court rules on this discovery issue.

Should you have any questions, don’t hesitate to call Sofia Anastopoulos at IMET 630-571-0480 ext. 229 or Randall Lending 312-609-7500.