Dear IMET Liquidating Trust Participant:

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

**Update on Cash on Hand**
As of February 13, 2019, the Overall Receiver had a cash balance on hand of $79,578,063. The vast majority of funds are being held in interest bearing money market accounts.

**IRS Subordination Update**
On June 25, 2018, the IRS filed two separate claims against the Overall Receivership Estate totaling $33,989,671.80. The IRS advised the Overall Receiver that it needed to formally file such claims in order for the IRS to make its final determination as to whether it will subordinate its claims in favor of the aggrieved investors. The IRS has since told the Overall Receiver that instead of agreeing to subordinate its entire claim in favor of the investors, it will only agree to subordinate a portion of its claim based on its analysis that certain monies recovered by the Overall Receiver are not directly tied to investor monies. The IRS has preliminarily agreed to subordinate approximately $68.6 of the Cash on Hand held based on its internal analysis of the recoveries made by the Overall Receiver, subject to further approval by the DOJ. That means that of the approximately $79.6 million in Cash on Hand, only $68.6 may go to the victims and the remaining amounts may go to the IRS.

Separately, counsel for UWCU (the largest victim of the FFF fraud) and IMET (the second largest victim of the FFF fraud) participated in multiple communications with the IRS and Department of Justice to try to convince the IRS agree to subordinate its claim to the entire amount of Cash on Hand of the Overall Receiver in order to increase the amount to be distributed to investors.

We are currently awaiting the final IRS decision regarding subordination. As we have previously advised, the Overall Receiver will not make any distributions until the issue of the IRS’s claim is resolved.

**Update on USDA Lawsuit**
As previously advised, on September 18, 2017, the United States District Court for the Northern District of Florida granted the USDA’s Motion to Dismiss the lawsuit brought by IMET and other investors against the USDA. IMET and other investors have appealed this decision to the Eleventh Circuit Court of Appeals. During the government shutdown, the Eleventh Circuit Court of Appeals cancelled oral argument from the parties, which were previously scheduled for February 1, 2019. The Eleventh Circuit will decide the appeal based on the briefs submitted, without any oral argument. IMET’s counsel in the USDA litigation expects that the Eleventh Circuit Court of Appeals will issue a decision in the next month or two, although there is no guarantee that the court will provide a ruling at such time.
**Banes Lawsuit**

On March 5, 2019, the Overall Receiver filed a motion requesting that the Honorable John Robert Blakey of the United States District Court for the Northern District of Illinois approve a settlement of the Overall Receiver’s fraudulent transfer claim against the BCM High Income Fund, LP and BCM High Income GP, LLC (collectively “Banes”), which received approximately $22 million from First Farmers Financial for three phony loans which First Farmers had originally sold to Banes. The parties agreed to settle the claim with the assistance of mediator Peter Borowitz, a former finance and restructuring attorney. Pursuant to the terms of the settlement, Banes agreed to pay the Overall Receiver the amount of $4.5 million dollars, to be paid in two installments of $2.25 million dollars. The first installment is to be paid within thirty-five (35) business days of the Court order approving the settlement, and the second installment is to be paid on or before 180 days after payment of the first installment. We expect that the Overall Receiver should receive complete payment of the settlement in 2019.

**UCF Escrow Litigation**

The Overall Receiver continues to pursue a claim against Robert J. Guidry Investments, LLC (“Guidry”) for $1.5 million held in escrow after Guidry failed to close on its purchase of the UCF Orlando hotel following an auction for the sale of this hotel. The Overall Receiver was able to later sell this hotel to a different buyer but is seeking the return of the monies held in escrow. The parties provided an extensive joint stipulation of facts to the Honorable Judge Robert Blakey. Judge Blakely is now in the process of determining whether to hold an evidentiary hearing on the issues or to decide the case based on the parties' written submissions.

Should you have any questions concerning the above or the recovery process, don't hesitate to call IMET’s counsel, Randall Lending, of Vedder Price P.C.

Sincerely,

Christy Powell
Chairman