



Illinois Metropolitan Investment Fund

Investing together for
our communities

IMET PARTICIPANT UPDATE NOVEMBER 15, 2017

Dear IMET Liquidating Trust Participant:

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

Christy Powell
Superintendent of Finance
& Personnel
Geneva Park District
Chairman

Gary Szott
Director of Finance/Treasurer
Village of Bloomingdale
Treasurer

John Harrington
Director of Finance
Village of Minooka
Secretary

Scott Anderson
Director of Finance & General
Services
Village of Buffalo Grove
Trustee

Chris Minick
Director of Finance
City of St. Charles
Trustee

Brian Murphy
Village Administrator
Village of Plainfield
Trustee

Sofia Anastopoulos, CFA
Executive Director

Debra A. Zimmerman
Associate Director

Update on USDA Litigation

As we previously advised, on September 18, 2017, the Court granted the USDA's Motion to Dismiss the complaint filed by IMET and the other investors alleging that the USDA was negligent, among other things, in approving First Farmers as a certified lender under the USDA's Business and Industry Guaranteed Loan Program. The Court held that the investor's claim is barred by the discretionary function exception to the grant of sovereign immunity in the Federal Tort Claims Act. As a result of this ruling, IMET and the other investors, in consultation with Mr. Torrado of Corboy & Demetrio, have decided to file a Notice of Appeal of the adverse decision to the Eleventh Circuit Court of Appeals.

IRS Claim Subordination Update

As requested by the IRS, tax returns for Mr. Patel and his related entities have now been filed. As a result, the Overall Receiver has resumed discussions with the IRS regarding subordination of the IRS' claims in favor of the investors. The Overall Receiver is currently awaiting the IRS' decision regarding whether it will subordinate its claims. Judge St. Eve has requested an update from the IRS on this issue at the next status hearing, currently scheduled for December 6, 2017 at 8:30 a.m.

Banes Litigation Update

As we previously advised, the Overall Receiver filed a lawsuit in the United States District Court for the Northern District of Illinois against the BCM High Income Fund, LP and BCM High Income GP, LLC (collectively "Banes"), two entities to which the Overall Receiver asserts that Nikesh Patel and First Farmers paid over \$22 million in investor funds. The Overall Receiver alleges that the transfer of funds from First Farmers to Banes was a fraudulent transfer and seeks to recover for the benefit of the Overall Receivership Estate the more than \$22 million transferred. The Overall Receiver and Banes have agreed to participate in a mediation of the Overall Receiver's claims on November 29, 2017 before Judge St. Eve.

Update on Criminal Proceedings Against Nikesh Patel and Timothy Fisher

The sentencing hearing for Nikesh Patel who plead guilty to five counts of wire fraud has been continued until December 5, 2017 at 9:30 am. at the United States District Court for the Northern District of Illinois, 219 S. Dearborn Street, Chicago, Courtroom 2325.

The sentencing hearing for Timothy Fisher who pled guilty to one count of money laundering has been continued until January 25, 2018 at 9:45 a.m. at the United States District Court for the Northern District of Illinois, 219 S. Dearborn Street, Chicago, Courtroom 2325.

At the sentencing hearings for both Mr. Patel and Mr. Fisher, victims of their fraud, including IMET and its participants, may be permitted to make statements regarding the impact of their crimes. If you would like to make such a victim impact statement at the sentencing hearings of Mr. Patel and/or Mr. Fisher, please contact Felice D. Weiler, the Victim Witness Coordinator for the United States Attorney's Office at 312-886-4196.

Update on Overall Receivership Cash on Hand

As of November 10, 2017, the Overall Receiver had a cash balance on hand of \$80,020,221. As previously reported, distributions by the Overall Receiver cannot be made until the Overall Receiver resolves potential priority claims of the USDA and the IRS. Assuming such priority claims are successfully resolved, IMET's share of the recoveries are approximately 29%.

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