



McCarthy Tétrault LLP  
Box 48, Suite 5300  
Toronto Dominion Bank Tower  
Toronto ON M5K 1E6  
Canada  
Tel: 416-362-1812  
Fax: 416-868-0673

**Kevin P. McElcheran**  
Direct Line: 416-601-7730  
Direct Fax: 416-868-0673  
Email: hmeredith@mccarthy.ca

November 2, 2011

**TO: NEW LIFE INVESTORS**

**All Investors are invited to participate in a conference call with Investor Counsel on Monday, November 7, 9:00 p.m. E.S.T. (6:00 p.m. PT)**

Dear Sirs/Mesdames:

**Re: Receivership of New Life Capital Corp. et al (collectively, "New Life")**

As you know, on December 17<sup>th</sup>, 2008, KPMG Inc. was appointed as receiver (the "Receiver") over the assets of New Life, including the 22 life insurance policies or settlements owned by New Life (the "Policies").

The Ontario Securities Commission made the application to appoint the Receiver in light of its concerns that New Life's principals (Jeffrey Pogachar and Paola Lombardi) had breached securities laws. Many of the allegations related to alleged inadequate or misleading disclosure and to the improper use of funds raised by investors.

As has been reported by the Receiver, only about one third of the funds invested by New Life investors were used to buy and pay premiums on life insurance proceeds. Approximately, one third was used to pay operating expenses and costs of setting up the business incurred in setting up New Life.

Very disturbingly, about one third of the funds raised by investors of New Life were used to buy luxuries for the personal use of Mr. Pogachar and Ms. Lombardi, such as very expensive cars and a condo in the Bahamas.

As you may also know, by Court order dated June 4, 2009, we were appointed representative counsel to represent the New Life investors ("Representative Counsel"). An Investor Panel was formed pursuant to the order of Justice Campbell dated September 8, 2009 to assist us.

The Receiver has recently served motion materials - which can be found on the Receiver's website at <http://www.kpmg.com/Can/en/WhatWeDo/Advisory/TransactionRestructuring/CreditorlinkSites/NewLifeCapital/Pages/default.aspx> - describing various events in the receivership. These events include the Receiver's efforts to sell the Policies and find financing to support the Policies, as well as the Receiver's efforts to recover property diverted by Pogachar and Lombardi, including to the Bahamian condo.

These materials have been served in support of a motion by the Receiver, returnable November 14, 2011, to approve the sale of one of the Policies (the "Pacific Life Policy"). As set out in the Receiver's motion materials, the Receiver has been unable to secure financing to provide for the payment of ongoing premiums on the Policies and has received no interest from any parties wishing to purchase any other Policies. As such, the Receiver has concluded that the sale of the Pacific Life Policy is the only viable option even though it is being sold at an amount that the Receiver recognizes is less than the estimated value for that Policy.

As Representative Counsel, we have received feedback from a number of parties concerned that the Pacific Life Policy - which they believe is the most valuable asset in the New Life portfolio of Policies - is being sold to a third party. The Receiver believes that the sale of the Pacific Life Policy is necessary to provide funding to pay professional expenses to recover the condo in the Bahamas and to pay policy premiums because there are no other sources of funds to meet these necessary expenses. The expenses that are being incurred to recover the condo have been substantially increased because Mr. Pogachar and Ms. Lombardi are attacking the orders the Receiver has obtained to recover assets in the Bahamas.

We have engaged in discussions with the Investor Panel and a number of concerned investors to consider whether there may be an option that investors would prefer over selling the Pacific Life Policy to a third party.

In considering options, it appears that it is not financially feasible for the investors to provide new financing for the entire portfolio. On review, some of the Policies are on the lives of people who have life expectancies of well over 10 years. It now appears that even if all of the money raised by New Life from investors had been used to buy and maintain the Policies and not diverted to supporting an extravagant lifestyle for Mr. Pogachar and Ms. Lombardi, New Life was never sufficiently capitalized to pay premiums on all of the Policies for the life expectancies of the life insureds.

With this background, it appears that the sale of the Pacific Life Policy is inevitable in the absence of other options to provide funding to recover assets for the benefit of the investors. The Receiver proposes to sell the Pacific Life Policy to a third party who would take over the payment of premiums and receive the death benefit when payable under the policy. Such a sale can only be completed with the approval of the Court at a hearing now scheduled for November 14, 2011.

With this deadline facing the investors, we wish to determine whether some or all of the investors are prepared to participate in a competing bid to acquire the Pacific Life Policy that could be presented to the Court for approval.

As Representative Counsel, we believe that this option may be appealing to New Life investors - and we have certainly heard from individual investors willing to contribute to the purchase of this Policy. However, we are concerned to ensure that the opportunity be made available to the broad group of New Life investors.

No investor would be obliged to participate; rather:

- any investor who chose to participate would be a part-owner of the Pacific Life Policy, entitled to share in the return when the Policy matures but also obliged to pay premiums on the Policy until maturity and any associated administrative costs as required; and

- any investor who chose not to participate would be in the same position as if the Pacific Life Policy was sold to a third party; that is, the sale to the participating investors would be a contribution toward funding the on-going activities of the Receiver.

The exact details of this option will need to be determined and we must stress that there is currently an offer to purchase the Pacific Life Policy that has been accepted by the Receiver and which will be presented to the Court for approval on November 14, 2011. As such, any offer to purchase the Pacific Life Policy from a group of New Life investors will be a competing offer that must be solidified prior to November 14<sup>th</sup> and there is no guarantee that it will be accepted by the Court.

Given the feedback we have received, however, we believe it is important to at least raise this possibility with you as New Life investors and assist you in understanding this option before the Pacific Life Policy is sold to a third party. To that end, we propose a conference call among any and all New Life investors who are able to attend. The details for that conference call are as follows:

Date: Monday, November 7, 2011  
Time: 9:00 p.m. ET (6:00 p.m PT)

Call-in Number: 416-695-7806 /1- 888-789-9572  
Participant pass code: 1125501

We hope you can join us for this important call.

Yours very truly,

McCarthy Tétrault LLP

Per:



Kevin P. McElcheran

c: Heather L. Meredith  
Elizabeth J. Murphy, *KPMG*  
J. Bradley Butcher, *KPMG*

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