

Andrew Murphy
Chief Executive Officer

October 14, 2016

VIA E-MAIL

Re: In re: Mosaic Management Group, Inc.
Mosaic Alternative Assets, Ltd.
Paladin Settlements, Inc.
Case No. 16-20833-EPK, U.S. Bankruptcy Court, Southern District Florida

Dear Mosaic Investors/Creditors:

As you now know, I was appointed Chief Executive Officer of Mosaic Management Group, Inc., Mosaic Alternative Assets, Ltd., and Paladin Settlements, Inc. (collectively, the "Mosaic Companies") soon after the Mosaic Companies filed for bankruptcy relief under Chapter 11 of the United States Bankruptcy Code. This letter is the second of a number of communications that you will receive from me as I work to maximize the value of the estate and reorganize the business of the Mosaic Companies in the coming months.

Since my last communication, I and a team of professionals have been continuing our ongoing efforts to:

- Secure the Mosaic Companies' data and documentation;
- Review and analyze the day-to-day business operations;
- Review and analyze accounting practices, finances, and budgeting;
- Review and analyze possibilities for future litigation that may help to maximize the bankruptcy estate;
- Explore potential financing opportunities; and
- Review and analyze each life insurance policy, the insurance premiums thereunder, and the qualitative and quantitative value of each policy to the portfolio and Investors as a whole.

Additionally, we have sought to reduce operating expenses as much as possible without endangering the performance of the Mosaic Companies' responsibilities.

As Mosaic Investors, keeping each of you informed of the Mosaic Companies' ongoing business efforts is very important to me. Consistent with my goal of maintaining a timely and periodic stream of communication with you, I have enclosed below a detailed analysis of the Mosaic Companies' insurance policies, premium information relating to those policies, and other

pertinent information that may summarize the Mosaic Companies' continuing efforts. This data is the product of a highly competent accounting team at GlassRatner Advisory & Capital Group LLC.

CLASSES OF POLICIES HELD BY THE MOSAIC COMPANIES

1. Policies That Matured After the Date of the Companies' Bankruptcy Filing:

Since the Mosaic Companies filed for bankruptcy relief on August 4, 2016, the following two policies have matured: **LS 4822-067** and **LJ 5678** (the "Matured Policies"). Each of the Matured Policies has a death benefit of \$2,000,000.00. As of the date of this letter, the Mosaic Companies have received a payment from Transamerica Life Insurance Company of 100% of the LJ 5678 policy's basic death benefit amount as of the valuation date. The Mosaic Companies are holding the death benefit payment received from Transamerica in a separate, segregated bank account. With respect to the **LS 4822-067** policy, I am still in the process of obtaining the death certificate for the underlying insured so that I may file the death certificate with the insurance company. As soon as the Mosaic Companies receive the death benefit relating to the **LS 4822-067** policy, I will ensure that the funds also are maintained in a separate, segregated bank account in order to protect the funds.

2. Policies Under Which Investors Are Designated Beneficiaries

The review and analysis that my team and I have conducted with respect to the Mosaic Companies' policies demonstrates that four (4) of the policies list certain individual Investors as designated beneficiaries (the "Investor-Beneficiary Policies"). The Investor-Beneficiary Policies have a combined projected death benefit of **\$3,000,000.00** and include the following:

- **JG0600219** with a death benefit of **\$500,000.00**. and an ongoing quarterly premium payment of approximately **\$21,600**
- **LB 6382 001** with a death benefit of **\$1,000,000.00** and an ongoing quarterly premium obligation of approximately **\$4,326.00**.
- **MW2159262**, with a death benefit of **\$500,000.00** and an ongoing quarterly premium obligation of approximately **\$15,975.00**.
- **OH 825L 172** with a death benefit of **\$1,000,000.00** and an ongoing quarterly premium obligation of approximately **\$16,500**

(Note: All premiums are subject to change)

3. Policies Under Which A Mosaic Company is a Designated Beneficiary

The review and analysis that my team and I have conducted with respect to the Mosaic Companies' policies demonstrates that thirty-two (32) of the policies list one of the Mosaic Companies as a designated beneficiary. These Debtor-Beneficiary Policies have a projected death benefit of **\$58,552,680.00**, a combined quarterly premium obligation of approximately **\$794,862.00**, and include the following:

- **AWA 4499 056 0507** with a projected death benefit of **\$2,000,000.00** and an ongoing quarterly premium obligation of approximately **\$29,477**.
- **EK 5084 028 071 0508** with a projected death benefit of **\$1,000,000.00** and an ongoing quarterly premium obligation of approximately **\$17,862.00**.
- **FO 2193 033 066 0208** with a projected death benefit of **\$2,000,000.00** and an ongoing quarterly premium obligation of approximately **\$19,420.00**.
- **FO2422204** with a projected death benefit of **\$1,000,000.00** and an ongoing quarterly premium obligation of approximately **\$12,129.00**.
- **HF 9046** with a projected death benefit of **\$2,500,000** an ongoing quarterly premium obligation of approximately **\$48,500**
- **HM 5267 008 061 0907** with a projected death benefit of **\$167,000** and an ongoing quarterly premium obligation of approximately **\$3,491**.
- **HO 7444** with a projected death benefit of **\$200,000** and an ongoing quarterly premium obligation of approximately **\$4,632**.
- **JB 0149** with a projected death benefit of **\$1,500,000** and an ongoing quarterly premium obligation of approximately **\$21,600**.
- **JH672L018** with a projected death benefit of **\$3,500,000** and an ongoing quarterly premium obligation of approximately **\$41,100**
- **KE 4991 028 067 0208** with a projected death benefit of **\$500,000** and an ongoing quarterly premium obligation of approximately **\$9,803**.
- **LI 6137 130** with a projected death benefit of **\$792,581** and an ongoing quarterly premium obligation of approximately **\$11,741**.
- **LR3008171** with a projected death benefit of **\$323,334** and an ongoing quarterly premium obligation of approximately **\$9,700**
- **MC 9525** with a projected death benefit of **\$127,000** and an ongoing quarterly premium obligation of approximately **\$2,412**.
- **MD 4134** with a projected death benefit of **\$250,000** and an ongoing quarterly premium obligation of approximately **\$1,800**
- **MJ 9964** with a projected death benefit of **\$1,500,000** and an ongoing quarterly premium obligation of approximately **\$11,660**
- **ND4359191** with a projected death benefit of **\$750,000** and an ongoing quarterly premium obligation of approximately **\$8,250**

- **RH 4279** with a projected death benefit of **\$250,000** and an ongoing quarterly premium obligation of approximately **\$5,130**.
- **RI7631025** with a projected death benefit of **\$4,000,000** and an ongoing quarterly premium obligation of approximately **\$23,800**
- **RM 7642** with a projected death benefit of **\$1,949,761** and an ongoing quarterly premium obligation of approximately **\$30,180**
- **SF 6172** with a projected death benefit of **\$110,210** and an ongoing quarterly premium obligation of approximately **\$5,002**.
- **SL6161204** with a projected death benefit of **\$1,000,000** and an ongoing quarterly premium obligation of approximately **\$7,026**
- **SN176L018** with a projected death benefit of **\$5,000,000** and an ongoing quarterly premium obligation of approximately **\$69,179**.
- **TE 5801 033 062 0907** with a projected death benefit of **\$1,000,000** and an ongoing quarterly premium obligation of approximately **\$15,318**.
- **WMT 8400 058 0607** with a projected death benefit of **\$1,000,000** and an ongoing quarterly premium obligation of approximately **\$37,254**.
- **WR 8858** with a projected death benefit of **\$2,000,000** and an ongoing quarterly premium obligation of approximately **\$72,323**.
- **WTE 6379 055 0207** with a projected death benefit of **\$1,000,000** and an ongoing quarterly premium obligation of approximately **\$11,635**.
- **WWE 8968 040 0906** with a projected death benefit of **\$1,404,334** and an ongoing quarterly premium obligation of approximately **\$25,576**.
- **WY 3742** with a projected death benefit of **\$3,000,000** and an ongoing quarterly premium obligation of approximately **\$15,043**.
- **ZC 5986 028 073 0908** with a projected death benefit of **\$1,000,000** and an ongoing quarterly premium obligation of approximately **\$18,282**.
- **ZLS 1212 054 0207** with a projected death benefit of **\$300,000** and an ongoing quarterly premium obligation of approximately **\$14,213**.
- **F-WJ4571** with a projected death benefit of **\$500,000** and an ongoing quarterly premium obligation of approximately **\$963**.
- **MS8336262** with a projected death benefit of **\$100,000** and an ongoing quarterly premium obligation of approximately **\$2,699**.
- **EW 0527** with a projected death benefit of **\$5,000,000** and an ongoing quarterly premium obligation of approximately **\$140,442**.
- **AKS 6235 047 0906** with a projected death benefit of **\$828,460.00** and an ongoing quarterly premium obligation of approximately **\$9,465**.
- **ALI 0494 043 0906** with a projected death benefit of **\$2,000,000.00** and an ongoing quarterly premium obligation of approximately **\$37,755.00**.

- **ASE 7190 041 0906** with a projected death benefit of **\$1,000,000.00** and an ongoing quarterly premium obligation of approximately **\$20,531.00**.
- **ASP 6396 048 1006** with a projected death benefit of **\$800,000.00** and an ongoing quarterly premium obligation of approximately **\$5,994.00**.
- **CPR 1350/ QEW 1350 046 0606** with a projected death benefit of **\$2,500,000.00** and an ongoing quarterly premium obligation of approximately **\$130,781.00**.
- **DAV 7140** with a projected death benefit of **\$3,000,000.00** and an ongoing quarterly premium obligation of approximately **\$26,407.00**.
- **GR 9014** with a projected death benefit of **\$200,000.00** and an ongoing premium obligation of approximately **\$8,836.00**.
- **SW 4521** with a projected death benefit of **\$500,000.00** and an ongoing quarterly premium obligation of approximately **\$17,903**.
- **HL 6487 001 069 0208** with a projected death benefit of **\$1,000,000** and an ongoing quarterly premium obligation of approximately **\$27,150**

(Note: All Premium amounts are subject to change and some premiums may be paid through the cash value in the policy)

4. Proposal To Investors In Policies Listed Under Points 1-3 Above

As you know by now, former management attempted to sell all of the policies through a fire sale auction process that would have resulted in an immediate 70+% reduction in your initial principle invested. Once attorney's fees and expenses were subtracted investors were likely to see a recovery of approximately .05 cents on every dollar you initially invested. For obvious reasons I stopped that process and have been working with legal counsel and my team to find an alternative that would maximize returns to investors. After weeks of tireless effort, I am now able to present the outline of a plan that maximizes returns to shareholders, does not result in a sale of policies, and allows the Mosaic Companies to continue to timely pay premiums.

To facilitate those goals, I propose the following:

1. Investors will keep their fractional share rights per their contracts with the Debtor(s);

Debtors will remain as the legal and equitable holder to all policies in subheading 3 above, and will be substituted as the legal and equitable holder to all policies in subheading 2 above;

2. Investors will be invoiced to bring them current on premiums (both arrears, if applicable and standard premium calls under their contract(s)). If investors fail to become current with premiums (as and where applicable) or fund their standard

premium call, then they will forfeit their fractional share interests in their assigned policy as provided for under the contracts between the investors and Debtor.

- a. Once premium arrearage and future calls are accomplished, the Debtor will undertake a full review of underwriting to be able to provide this information to investor(s) so they can make the arrears premium call decision from a fully informed position;
3. Investors in Cascade and Array portfolios will not have to pay any servicing fees, but instead will pay the Workout Fee (as defined below);
4. Investors will continue to be contractually obligated to pay future premium calls as properly requested by Debtor;
5. Debtor will retain twenty percent (20%) of the death benefit payable (the "Workout Fee") to each investor under their position in the Policy(s) to:
 - a. Pay for Debtors administrative expenses (payroll, office space, Etc.);
 - b. Pay for Debtors professional advisors (Legal, Accounting, Etc.);
 - c. Use as potential collateral for a lending facility that the Debtor will use to bridge the timing on cash flows.
6. Debtor will be allowed to resell (in accordance with any applicable securities regulations) the forfeited investor positions or currently unallocated positions in any policy;
7. Debtor will pursue any appropriate litigation;
8. This proposal will allow investors with interests in the policies listed above to retain 80% of their expected recoveries in all policies as opposed to the 70+% reduction of the principle invested BEFORE ADMINISTRATIVE COSTS AS PROPOSED BY FORMER MANAGEMENT.
9. Investors with interests in the policies listed above will only be creditors to the extent of their fractional share interest position, minus 20% of your expected return in the policies listed above.

5. Proposal for Investors with Interests in Policies not Listed in 1-3 Above and General Unsecured Creditors

1. With respect to (a) Investors, who do not have fractional share interests in the policies listed under 1-3 above, or (b) general unsecured creditors ("GUC"), funding to make payment on claims that are timely filed with the Bankruptcy Court, will come from a litigation trust set up to collect proceeds from anticipated litigation recoveries. The litigation trust will

provide 50% of its net recoveries to investors/GUCs under this section (Section 5) and the remaining 50% to investors under Section 4 above.

2. Additionally, a trust will be set up to hold proceeds from the sale of the Debtor(s)' interests in fractionalized shares owned by the Debtor(s). The net proceeds will go 60% to cover administrative costs (as described in Section 4 above), 20% to investors described under Section 4 above and the remaining 20% to investors/GUCs described in Section 5.

6. The Future of Mosaic and Impact on Investors/GUCs

1. My vision to fully maximize returns to investors/GUCs is for the Debtors to once again become an active life settlement company that purchases, sells and manages policies. Through my discussions with many of the current investors, and other potential new investors, I believe this can become a reality in the near future. The funds that would be used to purchase the new equity and a portion of net profit for a period of time would also go into a trust to pay out to those investors and GUCs discussed in 4 & 5 above. More details to come on this exciting prospect in my next letter to investors.

Thank you again for all of your support, encouragement and suggestions. By working together we will be able to maximize returns to investors and provide a return to GUCs. If you have any questions please feel free to reach out to me or my counsel at Tripp Scott, P.A.

Best Regards,

A large, stylized handwritten signature in black ink, appearing to read 'Andrew Murphy', is written over the typed name below.

Andrew Murphy, CEO