

**IN THE CIRCUIT COURT, SEVENTH
JUDICIAL CIRCUIT, IN AND FOR
ST. JOHNS COUNTY, FLORIDA**

CASE NO. CA02-1598

DIVISION: 56

**STATE OF FLORIDA
DEPARTMENT OF INSURANCE,**

Petitioner

vs.

FUTURE FIRST FINANCIAL GROUP, INC.,

Respondent.

**QUINTON R. SATHRE and LAURICE SATHRE
Individually and QUINTON R. SATHRE and
LAURICE SATHRE, Trustees of the
LAURICE SATHRE TRUST,**

Intervenors.

CONSERVATOR'S QUARTERLY REPORT TO THE COURT

Pursuant to this Court's order appointing Conservator entered on August 9, 2002, the Conservator hereby files the following quarterly report apprising the Court of the progress of the Conservatorship since his last report dated October 7, 2005.

I. Administration

1. Over the past couple of months, the Conservator has been working with Anderton Family Enterprises, LLC ("AFE") to make the scheduled premium payments on all policies pursuant to the purchase and sale agreement approved by the Court. AFE is currently past due on making payments for January's premium payments. AFE has made an offer to buy the remaining portfolio for a lump sum payment of the present cash value. The Conservator continues to analyze this offer.

2. The Conservator and AFE closed a transaction to sell HIV policies with a face value of approximately \$15,000,000.00 for a purchase price of \$1,950,000.00. This transaction resulted in an additional \$1,462,500.00 which was received by the estate, in mid-August, for distribution.

3. The Conservator expects to obtain approval from the Court for a second distribution and anticipates a second distribution to begin at the end of January or the beginning of February 2006.

4. The Conservator estimates that less than 50 unsettled claims remain from the first distribution. These claims require additional documentation from investors and requests for that documentation have been sent to the investors or their heirs. The claims are being resolved as the requested documentation is received by the Conservator. The Conservator is also in the process of addressing approximately 300 inquiries (what the Conservator calls "post-production inquiries") from investors that have already received a check or a letter with questions about their distribution. The Conservator is resolving these inquiries by means of explanatory letters or telephone calls, where appropriate. An updated summary report showing data regarding active, matured, legal, lapsed and terminated policies, excluding the HIV policies sold in August, is attached as Exhibit "A." An updated report reflecting the current financial position of the estate is attached as Exhibit "B."

5. The Conservator has continued to update his website and outgoing telephone message apprising investors of the current status of the estate.

II. Litigation

1. The Conservator, through Counsel, has continued discovery with Fidelity and Deposit Company of Maryland ("F&D"), the insurer for the theft of funds bond.

2. The Conservator, through counsel, continues to monitor lawsuits and arbitration proceedings filed against Future First or The Fidelity Trust. When necessary, the Conservator has engaged local counsel to assist with attempts to stay these actions. An updated list of active litigation and arbitration proceedings filed against Future First is attached as Exhibit "C."

3. Depositions are being scheduled in lawsuit filed against Dr. Michael J. Duffy.

**VOLPE, BAJALIA, WICKES, ROGERSON,
GALLOWAY & WACHS**

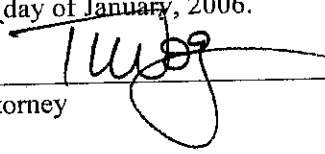
By: 

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Attorneys for Conservator

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail to Michael H. Davidson, Esquire, Division of Legal Services, Florida Department of Legal Services, 200 E. Gaines St., Suite 600, Tallahassee, FL 32399; John Tucker, Esquire, 200 North Laura Street, Jacksonville, FL 32202; Gary Wilkinson, Esquire, Suite 1818 Riverplace Tower, 1301 Riverplace Blvd., Jacksonville, FL 32207; Wm. J. Sheppard, Esquire, Sheppard, White & Thomas, P.A., 215 Washington Street, Jacksonville, FL 32202; Robert Avolio, Esquire, Avolio & Hanlon, 3150 Brunswick Pike, Suite 120 Lawrenceville, NJ 08648; and David M. Levine, Esquire, Conservator, Four Seasons Tower, 15th Floor, 1441 Brickell Avenue, Miami, FL 33131, this 12th day of January, 2006.



Attorney

**Exhibit "C" to Conservator's Report to Court
January 10, 2006**

**FUTURE FIRST FINANCIAL GROUP, INC.
INDEX OF ACTIVE LITIGATION**

Matter Name	Location of Litigation
Hulin v. Future First Financial Group (Class Action)	Palm Beach County Circuit Court; Case No.: CA02-08517-AH
June Craft v. Future First Financial Group	7 th Circuit, St. Johns County, FL, Case No. CA-02-1598
Parker v. Future First Financial Group, Life Settlement Services Corp, Fidelity Trust	Superior Court, Fulton County, GA, Case No. 2002-CV-56308
Madison Muncil v. Future First Financial Group, Inc and Delta Financial Services, Inc.	Lee County Circuit Court, 20 th Circuit; Case No.: 00-3777-CA
Parrott v. Costa v. FFFG	Athens-Clarke County, GA SU 02-CV-1706-G
Sathre v. FFFG	7 th Circuit, St. Johns County, Case No. CA02-1863
Studebaker v. FFFG	7 th Circuit, St. Johns County, Case No. CA02-2082-55
Bankers Life Ins. Co. of NY v. Future First Financial Group, The Fidelity Trust, et al	Supreme Court, Nassau County, NY
Guardian Life Ins. Co. of America v. Diego Cardona and Charles Sussman, as Trustee of The Fidelity Trust	Supreme Court of NY, NY; Index No. 99-605877
Guardian Life Ins. Co. of America v. Russell Armine and Charles Sussman, as Trustee of The Fidelity Trust	Supreme Court of NY, NY; Index No. 99-605017
The Guardian Life Ins. Co. of America vs. Robert De Luke and Charles R. Sussman	Supreme Court of NY, NY
Erma Henry, Individually and as Executrix Of the Estate of Rex Henry vs. Alan B. Corwin et al.	Lorain County, Ohio
Walter L. Bayliff and Janet K. Bayliff vs. United Financial Information Services et al.	Polk County, Iowa
Wayne and Jean Bartlett et al. vs. United Financial Information Services et al.	Polk County, Iowa
High Mark Associates v. David M.	Seventh Judicial Circuit, St. Johns County, Florida

Matter Name	Location of Litigation	Plaintiff's counsel/representative
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Levine, et al		
John Piacenza vs. Future First et al.	Superior Court, New London, Norwich, Connecticut	
Todtenbier v. Mousty et al.	Superior Court, Madison County, Indiana 48D03-0309-PL-802	
Scare v. Future First Financial Group, Inc., et al.	Circuit Court, Calhoun County, State of Michigan	
Diane T. Webb-Flansburg v. Gwaltney & Gwaltney, et al. v. Future First	State of Alaska at Anchorage	
Roy and Gayle Shelley v. Future First Financial Group, Inc., et al.	In the Circuit Court of Henry County, Alabama	

**FUTURE FIRST FINANCIAL GROUP
BUCKET REPORT AS OF 12/23/05**

ACTIVE POLICIES

Total number of Active policies:	2,094
Total face amount for Active policies:	\$219,098,826.81

MATURED POLICIES

Total number of Matured policies:	322
Total face amount for Matured policies:	\$30,952,360.56

LAPSED POLICIES

Total number of Lapsed policies:	122
Total face amount for Lapsed policies:	\$9,675,088.56

LEGAL POLICIES

Total number of Legal policies:	24
Total face amount for Legal policies:	\$3,038,504.00

TERMINATED POLICIES

Total number of Terminated policies:	197
Total face amount for Terminated policies:	\$21,825,097.00

TOTAL POLICIES

Total number of all policies:	2,759
Total face amount for all policies:	\$284,589,876.93

FFFG Financial Report as of 12/23/05

Bank	Account #	Balance	Balance Date	
Compass (PA)	1189911	\$ 10,896.28	11/30/2005	
Compass (PFA)	10239362	\$ 8.87	11/30/2005	
		\$ 10,905.15		
Prosperity (PA)	5600228501	\$ 109,802.91	11/30/2005	
Prosperity (SFA)	5600229301	\$ 94,368.46	11/30/2005	
		\$ 204,171.37		
These are the Life Settlement accounts we are not using.				
Citibank - Investor Distribution Account				
		\$ 715,054.69	11/30/2005	
Citibank (OA)	3200059359	\$ 174,651.19	12/22/2005	
Citibank (DBA)	3200059375	\$ 4,598,481.69	12/22/2005	
		\$ 4,773,132.88		
(with projections for maturity payments to be made to AFE and Moran)				
Citibank	3200059375	Maturity payments made	To AFE	To Tom
		To be paid:		
	12/29/2005	Edwards	40,450.98	804.57
	12/29/2005	Byars	12,595.50	251.91
	12/29/2005	Finley	25,163.11	503.26
	12/29/2005	Finley	9,396.41	189.55
	1/3/2006	Demenzes	40,399.45	800.78
			128,005.45	2,550.07
			130,555.52	Projected as of
			\$ 4,642,577.36	12/23/2005

The above box accounts for payments to be made to AFE and Moran in the next two weeks. In addition to those payments, we are in the process of collecting 7 more maturities worth a total of \$277,276.00. Of that amount, \$138,638.00 will go to AFE, \$2,772.76 will go to Tom Moran, and \$135,865.24 will go to the Conservator. Upon the additional receipt and distributor of these maturities, the Conservator's death benefit account balance is projected to be \$4,778,442.60. Upon receipt of these amounts the Conservator's total non-distribution assets are projected to be \$4,993,519.12. The Citibank Distribution Account are has been reduced from \$4,000,000 to its current balance as a result of distributions to investors.