

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 July 11, 2006.

I. Administration

1. Discussions continue regarding a potential purchase of the portfolio for cash rather than the current payment arrangements. The Conservator has advised the purchaser that until funds can be verified and an acceptable contract signed, he will not bring the proposal to this Court for approval.
2. Discussions continue regarding the sale of an additional \$32 million of HIV policies in the Future First portfolio pursuant to the Purchase Agreement approved by this Court on November 28, 2003.

3. The Conservator sought approval from the Court and on July 12, 2006 the Court entered an Order Approving the Second Distribution and Establishing Reserves. Pursuant to the Order, the Conservator was authorized to make a second distribution of \$4,000,000.00 to investors. The Conservator has begun to mail out checks, to investors, from the second distribution.

4. Special Counsel to the Conservator estimates that approximately 400 claims will need to be specifically addressed in the second distribution. These claims will 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. Special Counsel believes these remaining 400 claims will be resolved up by the end of December.

5. An updated summary report showing data regarding active, matured, legal, lapsed and terminated policies is attached as Exhibit "A." An updated report reflecting the current financial position of the estate is attached as Exhibit "B."

6. 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 and depositions of representatives of Fidelity and Deposit Company of Maryland ("F&D") have been taken.

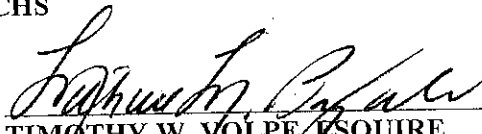
2. The Conservator, through counsel, continues to monitor lawsuits and arbitration proceedings filed against Future First or The Fidelity Trust. When necessary, the Conservator has engaged local counsel to assist with attempts to stay these actions. An updated list of active litigation and arbitration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

3. Depositions will be scheduled in the lawsuit filed against Dr. Michael J. Duffy.

4. The Conservator has scheduled a hearing, to be heard in December, on its Motion for Reconsideration of and/or Modification of Order on the Defendant's Motion to Stay. In that Motion, the Conservator seeks permission to proceed with trial and/or dispositive motions against the former management of Future First.

**VOLPE, BAJALIA, WICKES, ROGERSON
& 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; 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 22 day of December, 2006.

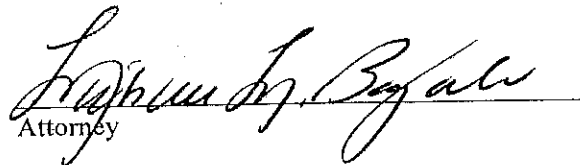

Attorney

EXHIBIT "A"

**FUTURE FIRST FINANCIAL GROUP
BUCKET REPORT AS OF 12/18/06**

ACTIVE POLICIES

Total number of Active policies:	2,029
Total face amount for Active policies:	\$210,404,948.27

MATURED POLICIES

Total number of Matured policies:	369
Total face amount for Matured policies:	\$38,670,570.40

LAPSED POLICIES

Total number of Lapsed policies:	137
Total face amount for Lapsed policies:	\$10,687,778.52

LEGAL POLICIES

Total number of Legal policies:	19
Total face amount for Legal policies:	\$1,931,504.00

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:	2,751
Total face amount for all policies:	\$283,519,898.19

EXHIBIT "B"

FFFG Financial Report as of 12/18/06

Bank	Account #	Balance	Balance Date
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Compass (PA)	1189911	\$ 13,091.79	12/18/2006
Compass (PFA)	10239362	\$ -	12/18/2006
		<u>\$ 13,091.79</u>	

Prosperity (PA)	5600228501	\$ 109,802.91	11/30/2006
Prosperity (SFA)	5600229301	\$ 94,368.46	11/30/2006
		<u>\$ 204,171.37</u>	

These are the Life Settlement accounts we are not using.

Citibank - Investor Distribution Account 1		\$ 672,431.34	11/30/2006
Citibank - Investor Distribution Account 2		\$ 2,488,386.70	11/30/2006

Citibank (OA)	3200059359	\$ 16,376.94	12/18/2006
Citibank (DBA)	3200059375	\$ 4,049,255.28	12/18/2006
		<u>\$ 4,065,632.22</u>	

(with projections for maturity payments to be made to AFE and Moran)

Citibank	3200059375	Maturity payments made	To SD	To Tom	
			42,453.33	840.00	
			22,300.00	446.00	
			<u>64,753.33</u>	<u>1,286.00</u>	
					66,039.33 Projected as of
					<u>\$ 3,983,215.95</u> 12/18/2006

The above box accounts for payments to be made to SD and Moran in the next two weeks. In addition to those payments, we are in the process of collecting 16 more maturities worth a total of \$1,248,716.34. Of that amount, \$624,358.17 will go to SD, \$12,487.16 will go to Tom Moran, and \$611,871.01 will go to the Conservator. Upon the additional receipt and distribution of these maturities, the Conservator's death benefit account balance is projected to be \$4,595,086.96. Upon receipt of these amounts the Conservator's total non-distribution assets are projected to be \$4,828,727.06. The two Citibank Distribution Accounts have each been reduced from \$4,000,000 to their current balances as a result of distributions to investors.

EXHIBIT "C"

**Exhibit "C" to Conservator's Report to Court
December 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.		Scare v. Future First Financial Group, Inc., et al.	Superior Court, Madison County, Indiana 48D03-0309-PL-802
Diane T. Webb-Flansburg v. Gwaltney & Gwaltney, et al. v. Future First		Roy and Gayle Shelley v. Future First Financial Group, Inc., et al.	Circuit Court, Calhoun County, State of Michigan State of Alaska at Anchorage In the Circuit Court of Henry County, Alabama