



Illinois Metropolitan Investment Fund

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December 18, 2015

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Dear IMET Liquidating Trust Participant:

IMET PARTICIPANT UPDATE **DECEMBER 18, 2015**

The following provides an update regarding the First Farmers Financial litigation and the asset recovery process.

Favorable Court Ruling on Greenberg Traurig's Amended Petition for Fees

As we previously advised you, on September 30, 2015, the law firm of Greenberg Traurig, LLP ("GT") filed an Amended Fee Petition seeking the Court's approval to award GT \$1,938,737.27 in attorneys' fees and costs for services rendered by GT and other providers at Pennant's request during the period of September 2014 through August 2015. GT argued, among other things, that it should be paid from the proceeds of recoveries in the Overall Receivership Estate because GT was responsible for seizing and securing the five hotels and other assets for the benefit of the investors, including IMET. GT argued that it was entitled to compensation from the "Common Fund" in which it created.

IMET and the Overall Receiver, among others, objected to the payment to GT of these legal fees on a number of legal theories and factual grounds, including that GT was representing the interests of Pennant and Pennant had the obligation to pay GT under the Pennant/GT engagement letter. IMET also argued that GT should not be entitled to any payment from the proceeds of the Overall Receivership Estate because GT had a conflict of interest and did not obtain advance court approval to be paid out of such proceeds.

On December 14, 2015, the Court heard extensive oral argument concerning the GT Amended Fee Application. GT argued that the \$1.938 million that it was seeking to be paid for services rendered from September 2014 through August 2015 already reflected a significant discount from its "rack rates" and also reflected a specific reduction of \$732,288.11 in legal fees in which GT has voluntarily withdrawn from its application. In total, GT has incurred almost \$2.7 million in fees through August 2015, but was only seeking recovery of \$1.938 million from the Overall Receivership Estate. GT told Judge St. Eve that all of the amounts it was seeking to be paid from the Overall Receivership Estate were for services that benefitted all of the investors and that Pennant was unable to pay GT such fees. IMET argued that GT was not entitled to be paid any legal fees from the assets of the Overall Receivership Estate as GT was hired by Pennant.

At the hearing on December 14, Judge St. Eve denied GT's Amended Fee Petition and agreed with IMET's arguments. Judge St. Eve found that GT was not entitled to the legal fees due to a number of reasons including that Pennant specifically retained GT and contractually agreed to pay GT.

Separately, Judge St. Eve considered and granted the Overall Receiver's Motion to Retain GT as Special Counsel in a very limited capacity (i.e. to help in closing the hotel sales, to help in lien issues and for transition services). The Overall Receiver specifically requested that GT continue to help out on these limited items. Judge St. Eve ruled that GT was entitled to be paid for the very limited services that the Overall Receiver requested of GT.

GT has tendered to the Overall Receiver approximately \$438,602.12 in legal invoices for the services it claims it was asked to perform by the Overall Receiver. Some of these fees are included in the \$1.938 million which was part of the GT Amended Fee Petition and some of these fees were incurred after August 2015. Judge St. Eve asked the Overall Receiver to review these invoices and try to reach an agreement with GT as to the appropriate amount of fees for the limited services specifically requested by the Overall Receiver. If GT and the Overall Receiver are not able to reach an agreement as to the appropriate amount, Judge St. Eve will rule on the appropriate amount.

As you may recall, IMET had previously objected to the payment made by the Nanosky Receiver of \$562,761.35 to GT in December 2014 without the Court's prior approval. As part of her ruling on December 14, 2015, Judge St. Eve ordered GT to reimburse to the Overall Receivership Estate the difference between the \$562,761.35 GT has already received and the amount to which it is entitled for services it specifically performed for the Overall Receiver.

This is a very significant and favorable ruling for IMET as it prevents almost \$2 million from being paid out of the Overall Receivership Estate to GT.

Nikesh Patel Indictment

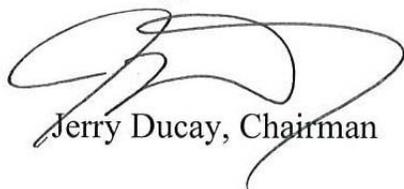
As we previously advised, on September 29, 2014, Nikesh Patel was arrested based on an affidavit provided by the FBI and a criminal complaint filed on that date. Patel was subsequently released from federal custody based on securing an appropriate bond.

On December 2, 2015, a Federal Grand Jury indicted Patel on two counts of wire fraud. On December 17, 2015, an arraignment hearing was held in the United States District Court for the Northern District of Illinois and Patel pled not guilty. Patel's counsel, however, advised Judge Charles Kocoras that Patel was contemplating a change in plea and was planning to cooperate with the FBI and Department of Justice. Such cooperation, hopefully, would lead to learning about additional assets in which to compensate victims of the fraud.

If you would like a copy of the criminal complaint or indictment, please contact Laura Allen.

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

Sincerely,



Jerry Ducay, Chairman