

ML Liquidating Trust

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NEWSLETTER

May 3, 2011

Dear Trust Beneficiaries,

In our continuing effort to keep you apprised of the Trust's efforts to maximize your recoverable assets, this is our seventh newsletter.

Litigation. We have continued to focus on litigation against various parties to recover funds on behalf of our trust beneficiaries. In an effort to reduce legal expenses, nearly all of the attorneys retained by the Trust are being paid on a contingency basis which means the attorneys' fees will be zero or greatly reduced if they are not successful with their cases.

The Trust recently retained Michael Manning from the law firm of Stinson Morrison Hecker LLP to pursue the Trust's claims against the law firm of Greenberg Traurig LLP as well as the Trust's claims against the life insurance policies of Scott Coles. Mr. Manning has successfully represented numerous plaintiffs in large, complex, and multiparty cases, resulting in the recoveries of hundreds of millions of dollars for his clients. For example, he obtained substantial recoveries against six large law firms on behalf of the FDIC for matters relating to the S&L crisis. You may also have seen Mr. Manning in the local media for his more recent successful cases against former Governor Symington, Wells Fargo Bank, and Sheriff Joe Arpaio.

The Trust also recently retained the law firm of Berk & Moskowitz to review and pursue claims against appraisers that prepared appraisals of the real estate used to secure the loans of Mortgages Ltd. Berk & Moskowitz has been successful pursuing appraiser claims on behalf of its other clients.

As mentioned in previous newsletters, the law firm of Carson Messinger was retained by the Trust to pursue approximately 17 preference claims (that is, individuals and organizations that were cashed out of their investments within 90 days before the bankruptcy and ML insiders within one year) in the amount of \$2,800,000.

Nick DiCarlo of DiCarlo Caserta & Phelps has been retained to pursue the lawsuit against Mortgages Ltd's former accountants Mayer Hoffmann McCann and its affiliates which include CBIZ, Inc. Mr. DiCarlo has been very successful during his career pursuing claims against accounting firms on behalf of his clients.

Claim Payments. The Trust continues to work to resolve the last of the post-bankruptcy professional fee claims that originally totaled 13.5 million dollars. The final claim is expected to be settled in the near future which will conclude the process and bring the total savings to approximately 4 million dollars.

Owned Real Estate. The Trust continues to hold ownership of one property consisting of a golf course development in Eager, Arizona, which is approximately 40 miles east of Show Low. The asset includes

141 residential lots, a commercial parcel and golf course. The golf course is not currently operational. The property is listed for sale by Equis UGL, which group was successful in finding a buyer for the Chateaux on Central project.

Trustee and Board Updates. Since taking over in early December, our new Trustee, Matthew Hartley, has been able to resolve numerous issues and help move the Trust forward on various fronts. Our new Board Member, Bob Casselman, has been a welcome addition as well. His legal and business experiences have been a great help to the Board. Pursuant to the Plan documents and our Trust Agreement, our replacement Board member was required to be a member of the RevOp investor pool. The Board sent a general notice to all trust beneficiaries and a subsequent notice directly to the RevOps regarding the open position. The Board had several beneficiaries show interest in the open position, but the Board ultimately chose Mr. Casselman based both on his experience and his status as a RevOp member. Attached is a brief bio containing additional information about Mr. Casselman.

Mission. We occasionally receive inquiries regarding the ML Liquidating Trust's responsibilities, and how they differ from the ML Manager, LLC. In our first newsletter (June 30, 2009) general background information was provided, which has now been updated below:

The Official Committee of Investors First Amended Plan of Reorganization (the "Plan") became effective on June 15, 2009. Under the Plan, two Boards, ML Liquidating Trust Board and ML Manager Board, were formed. In general, ML Manager Board is responsible for the enforcement and collection of the loans owned by the Mortgages Ltd. Investors and Radical Bunny, LLC. In contrast, the ML Liquidating Trust (the "LT") is not responsible for any of these loans. Among other responsibilities, the Board of the LT directs the court-appointed Liquidating Trustee, Matthew Hartley, in pursuing certain causes of action and in selling the real estate owned directly by the former Mortgages Ltd. and any other assets owned by the LT. The LT Board has five board members who are: Richard Shaw – Chair, Joseph Baldino, David Goldman, James Merriman and Bob Casselman.

All previous newsletters may be found on our website <http://www.mtg ltd.com/webs/MLSNews>.

Richard C. Shaw
Chair
ML Liquidating Trust Board