

ML LIQUIDATING TRUST

NEWSLETTER

December 17, 2015

Dear Trust Beneficiaries,

In our continuing effort to keep you apprised of the efforts of the ML Liquidating Trust and ML Servicing, Co., Inc., this is the latest information, and our thirteenth newsletter.

The ML Liquidating Trust continues to focus on litigation against various parties to recover funds on behalf of our Trust beneficiaries. In 2014, the ML Trust settled a lawsuit against certain members of Scott Cole's family which resulted in a settlement of \$10,000,000. During 2015, the ML Trust settled a major piece of litigation against the former accountants of Mortgages Ltd. for \$2,000,000. With these two matters resolved, the ML Trust is left with two litigation matters: the case against Greenberg Traurig who were the attorneys of Mortgages Ltd, and the case against the Forte Family Revocable Trust. The 2015 settlement and the two remaining litigation matters are briefly described below. The 2014 settlement was described in the previous newsletter.

Mayer Hoffman McCann and CBIZ

The Trust's lawsuit against Mayer Hoffman McCann ("MHM") and CBIZ relating to the accounting malpractice claims was settled in January of this year, and approved by Judge Ballinger in March. The settlement requires MHM to pay \$2,000,000.00 to the ML Trust in 36 equal monthly installments commencing retroactively to January 1, 2015. The Trust's attorney, Nick DiCarlo, represented the Trust in this matter on a contingency fee basis. To facilitate the settlement, Mr. DiCarlo reduced his fee from 33.33 % to 27%, a savings to the ML Trust of approximately \$126,667.00.

Greenberg Traurig

The ML Liquidating Trust filed a lawsuit against the Greenberg Traurig LLP law firm on March 25, 2011. We are represented by Michael Manning of the law firm Stinson Leonard Street on a contingency fee basis, although the ML Trust must pay the non-attorney costs of the litigation including expert witness fees. As mentioned in previous Newsletters, this case has been delayed due primarily to numerous changes in judges assigned to our case. Despite the slow-moving nature of this case, the ML Board and its legal counsel have actively pursued settlement in this matter. On October 22, 2015, the ML Trust entered into the 3rd mediation with Greenberg Traurig. The first two mediation sessions were held in New York, and this third mediation was held in Phoenix, Arizona. Unfortunately none of the three mediations have been successful, thus requiring us to continue our litigation efforts. On August 3, 2015, our attorneys filed three separate Motions for Summary Judgment against Greenberg Traurig. Motions for Summary Judgment are pre-trial motions a party may file to settle specific questions of fact or law. Our legal counsel expects rulings on the Motions in the Spring of 2016. It is our hope that we will obtain a favorable ruling on at least one, if not all three of the motions. However, regardless of

rulings on these specific motions, the ML Trust Board is well positioned to vigorously pursue investor claims to a final resolution.

Preference Claims

The remaining preference claim held by the ML Liquidating Trust is the \$1,250,000 claim against Craig and Lauri Forte as Trustees of the Forte Family Revocable Living Trust. The Fortes were able to convince Scott Coles on behalf of Mortgages Ltd. to return their entire investment of \$1,250,000 less than 90 days before Mortgages Ltd. filed Bankruptcy. Under the Bankruptcy Code this type of payment is considered a preference payment and must be returned and distributed to all creditors in accordance with the Plan of Reorganization. The Fortes refused to return the money so the ML Trust brought suit. The Fortes filed a Motion to Dismiss and Judge Haines ruled in their favor. The ML Trust's legal counsel firmly believes Judge Haines misinterpreted the Plan and applicable law, and we appealed the ruling to Federal District Court. The District Judge that heard the appeal refused to overturn Judge Haines, however based on the advice of legal counsel we appealed the ruling to the 9th Circuit Court of Appeals. The 9th Circuit has had a busy calendar in 2015 resulting in delay with our case, but we were notified in November of 2015 that oral argument in the matter is expected to take place in March of 2016. This will be a final appeal, and if the ML Trust receives a favorable ruling, the matter will be returned to the Bankruptcy Court to continue the litigation process

Mission. We continue to receive inquiries regarding the ML Liquidating Trust's responsibilities, and how they differ from the ML Manager, LLC. We have provided a brief explanation of the differences in earlier Newsletters, but the matter is worth repeating.

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. The ML Liquidating Trust is also the sole shareholder of ML Servicing Co., Inc., which employed the remaining employees (there are presently no employees although one former employee continues to assist on a contract basis) and administers the millions of documents being utilized in numerous lawsuits. The Liquidating Trust Board directs and acts through its Court appointed Trustee, Matthew Hartley. The Board of Directors of both the ML Liquidating Trust and ML Servicing Co., Inc. are: Richard Shaw – Chair, David Goldman, James Merriman, Bob Casselman, and Ralph Ponce de Leon. All five board members were investors in Mortgages Ltd. Matthew Hartley is the Trustee of the ML Liquidating Trust and President/CEO of ML Servicing Co., Inc.

The ML Liquidating Trust Board was assigned two major tasks: (1) liquidate the five real estate properties owned directly by Mortgages Ltd. (now ML Servicing Co., Inc.) and (2) pursue causes of action against certain professionals and collect preference claims. As to the first task, all five properties have been sold. The status of current claims and preference actions was reviewed earlier in this newsletter. In general, the ML Manager Board is responsible for the enforcement and collection of the loans owned by the Mortgages Ltd. investors and Radical Bunny, LLC. The ML Liquidating Trust is not responsible for any of these loans.

Going Forward Although the work of our Board has been ongoing for more than six years, it is difficult to say when our responsibilities will be completed. The Board is now focused primarily on its two outstanding investor claims which are not possible to measure in specific time frames. Nevertheless, the Board has initiated active planning for business and legal issues related to completion and wind up of the ML Liquidating Trust Board responsibilities when that time does come. All previous newsletters may be found on our website <http://www.mtg ltd.com/webs/MLSNews>.

Richard C. Shaw
Chair
ML Liquidating Trust Board

Matthew R. Hartley
Trustee
ML Liquidating Trust