

**IN THE MATTER OF THE BANKRUPTCIES OF
FOCUSED LIFE CAPITAL LTD., FOCUSED LIFE INVESTMENTS LTD., FOCUSED LIFE
INVESTMENTS 2 LTD., 1323545 ALBERTA INC. (GENERAL PARTNER OF FOCUSED LIFE
SETTLEMENTS 2 LIMITED PARTNERSHIP), FOCUSED MONEY SOLUTIONS INC., AND
FOCUSED MONEY CAPITAL LTD. (collectively, the "Companies")**

TRUSTEE'S FIRST REPORT TO CREDITORS/INVESTORS

INTRODUCTION

On June 13, 2011, the Companies filed Notices of Intention to Make Proposals ("NOI's") and BDO Canada Limited ("BDO") became the Proposal Trustee. The First Meeting of Creditors ("FMOC") to consider the proposals was held on August 2, 2011 and, at the meeting, the creditors of the Companies voted against the approval of the proposals. As a result, each of the Companies were deemed to have made assignments into bankruptcy. The FMOC for the bankruptcies of the Companies was held immediately thereafter where a motion to substitute BDO as Trustee was brought forward. The motion was passed and Deloitte & Touche Inc. ("Deloitte") was appointed as Trustee in bankruptcy of the Companies.

BACKGROUND

The Companies consisted of a group of six interdependent entities wherein each entity played a function to raise funds and acquire a portfolio of life insurance policies as investment vehicles. All six entities of the Companies were incorporated under the *Business Corporations Act of Alberta* and operated out of the head office in Calgary, Alberta. Mr. Victor DeLaet was a director and manager of the Companies.

PRELIMINARY EVALUATION OF ASSETS

The Companies remaining known assets consist of two life insurance policies that require reinstatement (the "Remaining Policies"), a small amount of office furniture, a claim in the receivership of American Settlements Associates, LLC ("ASA"), and an outstanding shareholder loan due from Mr. DeLaet (the "Shareholder Loan").

The Trustee has reviewed the proposal documents prepared by BDO, interviewed Mr. DeLaet, and performed a cursory review of the books and records of the Companies in its possession. Based on this information to date, it appears that all of the insurance policies have been either sold or have lapsed, with the exception of the Remaining Policies. The Trustee is working with third parties and the insurance companies to attempt to have the Remaining Policies reinstated. If the Remaining Policies are reinstated, then the Trustee will be moving to sell them either to existing or other potential buyers. It is not yet known if the Remaining Policies will be reinstated and, if so, what their potential recoverable value will be to the estate.

The Trustee has obtained two quotes for the office furniture and equipment remaining at the former offices of the Companies and has obtained inspector approval to sell the assets "as is where is" for \$2,500.

The Trustee has been in contact with the Receiver of ASA to determine if there will be any distributions to the creditors of ASA, which includes the Companies who have a claim for

US\$6.4 million (the "ASA Claim"). The ASA Claim relates to funds that were paid to ASA by the Companies for the purchase of insurance policies and/or for the payment of insurance premiums that were misappropriated by ASA. The Receiver for ASA has indicated that the current funds on hand in the Receivership will not be sufficient to pay any claims of creditors. Based on this information, the Trustee understands that the recovery on the ASA Claim will be nil.

The Trustee has met with Mr. DeLaet on a number of occasions to discuss the operations of the Companies, books and records and transactions and the outstanding Shareholder Loan. The Shareholder Loan was for \$600,000 and is subject to a loan agreement dated September 8, 2007 (the "Loan Agreement") as between Mr. DeLaet and Focused Money Solutions Inc. ("FMSI"). The Loan Agreement includes an interest rate of 7% per annum, payable monthly starting on October 1, 2007, but no interest payments have been received to date by FMSI. The Trustee understands that the funds were advanced by Mr. DeLaet to another unrelated company (the "Company Loan") with interest, but the Company Loan remains outstanding and no interest payments have been made to Mr. DeLaet. Mr. DeLaet has assigned his interest in the Company Loan directly to FMSI, but the loan remains outstanding. The Trustee has met with the company holding the Company Loan, but it is not clear on when, or if, or how much of the Company Loan will be repaid to FMSI.

BOOKS AND RECORDS

The Trustee has secured and conducted an inventory of the books and records stored at the former office of the Companies, BDO, and those books and records in possession of the Companies' accountants and legal counsel. The Trustee is currently in the process of obtaining additional books and records of the Companies from other parties. In addition, the Trustee has arranged for the mail of the Companies to be redirected to Deloitte.

The Trustee has performed a preliminary review of the books and records in its possession and has performed limited analysis to date.

CONSERVATORY AND PROTECTIVE MEASURES

It was not necessary for the Trustee to take any conservatory measures as defined in the *Bankruptcy and Insolvency Act* ("BIA") as the Company did not possess assets that were perishable or likely to depreciate rapidly in value and operations were ceased at the date of bankruptcy.

ANALYSIS OF CLAIMS & ESTIMATED RECOVERIES

Priority Claims

Canada Revenue Agency has not initiated an audit of the Companies' payroll records and any outstanding claim is still unknown. Any claim for the unremitted portion of the employee's payroll source deductions (the "Deemed Trust Claim") has a statutory priority and ranks ahead of all other secured and unsecured claims.

The Trustee is aware of only a small potential Deemed Trust Claim for outstanding payroll source deductions from 2011.

Secured Claims

The Trustee performed a review of the Personal Property Registry Searches for all of the Companies and there were no secured parties listed as having security over the Companies, with the exception of certain intercompany loans between the Companies.

Preferred Unsecured Claims

The Companies' records indicate a claim for rent arrears. Pursuant to Section 136 (f) of the BIA, the landlord may be granted a priority for any arrears (for up to the value of the assets on the leased premises) for the period of three months immediately preceding the bankruptcy and accelerated rent for a period not exceeding three months following the bankruptcy, if entitled to accelerated rent under the lease.

Ordinary Unsecured Claims

At this time the Trustee is unable to determine the total unsecured claims of ordinary creditors as the Trustee is continuing to receive proof of claims from creditors.

LEGAL PROCEEDINGS AND TRANSACTIONS AT UNDER VALUE

The Trustee has not commenced any legal proceedings, but has retained Ms. Susan Robinson Burns of Miles Davison LLP, with the approval of the inspectors, to act as its independent legal counsel.

The Trustee is aware of some actions against the Companies by its investors.

PREFERENCES AND TRANSFERS AT UNDERVALUE

The Trustee has not yet completed a full review of the Companies' financial transactions to determine if any preferences or transfers at under value have occurred.

THIRD PARTY DEPOSITS OR GUARANTEES

Mr. Art Stacey from Thompson Dorfman Sweatman LLP, counsel representing a body of creditors/investors for the Companies, has provided the Trustee with a retainer in the amount of \$30,000 to cover the Trustee's initial fees and costs for the bankruptcies. The Trustee's fees and costs to date, including legal fees, have significantly exceeded the retainer amount. In addition, realization on any assets that form part of the estate may need to be shared with BDO for any of their outstanding fees and costs from the proposal proceedings of the Companies. The Trustee is awaiting the invoice from BDO for its outstanding fees and costs.

TRUSTEE'S INTENTION TO ACT FOR SECURED CREDITORS

At this time the Trustee is not aware of any secured parties that are at arm's length.

PROJECTED DISTRIBUTION AND COMMENTS ON ANTICIPATED REALIZATION

The Trustee is currently unable to determine the estimated recovery on the remaining assets of the Companies and if there will be any distributions to the creditors. Any significant recoveries will be contingent on the successful reinstatement and sale of the Remaining Policies and collection of the Shareholder Loan.

STATUTORY DUTIES AND OTHER SIGNIFICANT ACTIONS

The Trustee has compiled a list of known creditors/investors from the claims, documents, and emails filed with both BDO and Deloitte and have sent notice of the bankruptcies to all creditors/investors on that list.

The Trustee and its counsel have been in contact with the RCMP, the Office of the Superintendent of Bankruptcy and the Alberta Securities Commission and these parties are considering the information provided to date and what, if any, further actions they may take.

NEXT STEPS

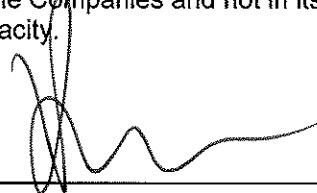
The Trustee is working with its legal counsel and the body of inspectors appointed in the estates to formulate a plan with respect to the next steps in the administration of the estates. The steps taken will depend on the funding available from either the remaining assets, or other sources, to pay for the fees and costs of the Trustee.


The Trustee will provide a further update on its administration in due course.

Dated at Calgary, Alberta, this 15th day of September, 2011.

DELOITTE & TOUCHE INC.,

In its sole capacity as Trustee of the Estate
of the Companies and not in its personal
capacity.



 Jeff Keeble, CA•CIRP, CBV
Senior Vice-President