



Illinois Metropolitan Investment Fund

Investing together for
our communities

Dear IMET Liquidating Trust Participant:

IMET PARTICIPANT UPDATE **SEPTEMBER 28, 2016**

The following is to update you on certain developments relating to the First Farmers Financial repo matter.

Christy Powell
Superintendent of Finance
& Personnel
Geneva Park District
Chairman

Eileen Santschi
Accounting Manager
South Suburban Mayors and
Managers Association
Vice Chairman

Gary Szott
Director of Finance/Treasurer
Village of Bloomingdale
Treasurer

John Harrington
Director of Finance/Treasurer
Village of Minooka
Secretary

Scott Anderson
Director of Finance/Treasurer
Village of Buffalo Grove
Trustee

Chris Minick
Director of Finance
City of St. Charles
Trustee

Brian Murphy
Village Administrator
Village of Plainfield
Trustee

Robert Fialkowski
Interim Executive Director

Debra A. Zimmerman
Associate Director

Update on Criminal Proceeding Against Nikesh Patel

On September 19, 2016, IMET received notification from the United States Department of Justice that a date has been set for Nikesh Patel to enter a plea of guilty on the charge of wire fraud. The hearing is scheduled to place on December 6, 2016, before the Honorable Charles Kocoras at the United States Courthouse, 219 S. Dearborn Street, Chicago Illinois, Courtroom 2325. Because hearing dates often change on short notice, if you plan to attend this hearing, you should confirm in advance that the hearing is proceeding before attending. The daily calendar of Judge Kocoras can be found on-line at <http://www.ilnd.uscourts.gov>. Assuming that Patel, in fact, does enter a plea of guilty at this hearing, a future sentencing date will be set. At the sentencing, victims of Patel's fraud, including IMET and its participants, may be permitted to make a statement regarding the impact of Patel's crime. If you would like to make such a victim impact statement at the sentencing of Patel, please contact Patrick King Jr., the Assistant United States Attorney handling the prosecution of Patel, at 312-353-5300.

Overall Receiver's Proposed Plan of Distribution and Related USDA Issues

As previously disclosed, the USDA's claim for approximately \$105 million filed on January 28, 2016 is still unresolved. Approximately \$96.5 million of the USDA's claim relates to a contingent contribution claim of the USDA, whereby the USDA is asserting that in the event that the USDA is found liable to the IMET and other investors who are seeking to hold the USDA liable for the USDA's negligence in approving First Farmers Financial, LLC and Nikesh Patel as approved lenders, the USDA should be able to proceed with a contribution claim against the Overall Receivership Estate (the "Contribution Claim"). The USDA is asserting that its Contribution Claim is entitled to priority over the Investor claims pursuant to 31 U.S.C. Section 3713, which provides priority to certain government claims and may impose personal liability against receivers and others who satisfy other claims in advance of government claims.

On September 7, 2016, the Court held a hearing to consider approval of the Overall Receiver's Proposed First Amended Plan of Distribution (the "Plan"), as well as to consider the objections of IMET and other Investors to the Plan and to the USDA's assertion of priority related to its Contribution Claim. After hearing arguments related to these matters, Judge Amy St. Eve decided to continue these matters for further hearing on October 20, 2016. Judge St. Eve wanted to give the USDA additional time to consider the impact of the August 31, 2016 lawsuit in which IMET and other investors filed against the USDA in federal court in the Northern District of Florida (the "Investors USDA Lawsuit"). IMET and other investors had argued that because the Investors USDA Lawsuit does not seek to impose joint and several liabilities upon the USDA and because Florida law, in fact, precludes such joint and several liabilities, the USDA's Contribution Claim is improper as a matter of law. The USDA is expected to advise the Court at the next hearing whether it intends to proceed with its Contribution Claim in light of the recently filed Investors USDA Lawsuit.

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