

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION**

UNITED STATES OF AMERICA,

Plaintiff,

v.

GREG E. LINDBERG,

Defendant.

Case No. 3:23-CR-48-MOC

REPORT AND RECOMMENDATIONS REGARDING RESTITUTION

NOW COMES Joseph W. Grier, III, as special master appointed pursuant to 18 U.S.C. § 3664(d)(6) (the “Special Master”), by and through counsel, who hereby files this *Report and Recommendations Regarding Restitution* (this “Report”) recommending entry of a preliminary order of restitution in the amount of \$1,625,000,000 as detailed below pursuant to this Court’s *Order Appointing Special Master* entered on January 23, 2025 (Doc. No. 56) (the “Special Master Order”), and respectfully represents to the Court as follows:

I. SUMMARY OF SPECIAL MASTER’S FINDINGS AND CONCLUSIONS¹

The primary purpose of this Report is to obtain a preliminary order from the Court narrowing the unresolved issues concerning restitution as this Case heads toward sentencing. More specifically, the Special Master seeks an order from the Court establishing: (A) the persons due restitution in this Case; and (B) those persons’ outstanding restitution losses. Not only would such an order vastly simplify the sentencing process in this Case, but it will also facilitate resolution of the other restitution questions thereafter remaining, primarily those concerning the

¹ Capitalized terms not previously defined in this Report shall have the meanings prescribed later in this Report or in the appendices attached hereto.

payment priority—and precise recipients—of future restitution payments to be made by the Special Master in this Case.

Many persons have sought restitution in this Case. To evaluate whether any given person should receive restitution, the Special Master: (a) reviewed the Indictment, case law interpreting the MVRA, and voluminous records made available to the Special Master by Defendant, the alleged victims, and other interested parties; (b) engaged in a thorough colloquy with each of the alleged institutional victims; and (c) discussed the various positions and arguments presented with both the government and Defendant’s counsel on a weekly basis. Based on the information gathered, the Special Master determined, as explained further in this Report, that **only those persons identified as persons due restitution in the Indictment** (*i.e.*, the “Pre-Designated Restitution Parties,” more accurately defined below) **should be considered primary payees of restitution in this Case.**² Most fundamentally, those asserting victims status that the Special Master is not including as a person due restitution in this Report failed to demonstrate how Defendant defrauded them in the same manner, or how they were injured in the same manner, as those victims described in the Indictment.

Just as narrowing the universe of potential restitution payees was difficult, so, too, was identifying the proper measure of restitution losses. Some alleged victims of the insurance fraud scheme described in the Indictment asserted damages in terms of the insurance company’s

² The Special Master seeks an immediate Court order identifying the persons directly due restitution from Defendant and how much. This Report explicitly seeks to reserve all parties’ rights concerning whether creditors of those persons due restitution (*e.g.*, ULICO or the Guaranty Associations) should receive restitution payments from the Special Master in lieu of the debtor-entity, including whether any such creditor should be considered a “provider of compensation” within the meaning of 18 U.S.C. § 3664(j)(1) entitled to payments from the Special Master in lieu of the corresponding debtor-entity and at a lower priority level than other restitution payees. For the avoidance of doubt, NOLHGA has represented to the Special Master that none of the Guaranty Associations take the position that it is entitled to restitution in this Case in lieu of the North Carolina Insurance Companies. After entry of an order establishing the persons due restitution from Defendant and corresponding amounts, the Special Master intends to file a subsequent report, motion, or other pleading seeking to resolve various outstanding payment and priority issues.

outstanding liabilities to its policyholders, some asserted damages as the amounts awarded in final civil judgments entered against Defendant, some asserted damages in terms of how much money it would take to winddown each insolvent insurance company after factoring in the company's assets, other non-policyholder liabilities, and projected administrative expenses, and some asserted damages in terms of how much money Defendant diverted from the victimized insurance company. After reviewing the case law interpreting the MVRA and the arguments made by all constituencies, the Special Master determined that **the proper method for calculating restitution loss should focus on how much money was extracted from the corresponding insurance company by Defendant** as part of the fraud described in the Indictment. Under these circumstances, the outstanding unpaid principal balances due on the "loans" Defendant received from the insurance companies (more accurately defined below as "Affiliate Investments") serves as the best metric for the amounts taken by Defendant.

The Special Master has worked closely with Defendant's counsel and the government to reach consensus on as many victim restitution issues as possible. Throughout this Report, the Special Master endeavors to highlight those recommendations (or decisions embedded within those recommendations) with which either the government and/or Defendant do not concur. At a high level, the Special Master is informed and believes that the government and Defendant concur with the Special Master's primary conclusions that: (A) the "Pre-Designated Restitution Parties" (or certain of their creditors) are the only persons due restitution in this Case; and (B) that the "Affiliate Investment" balances, using the principal balances shown in the IALA³ as the starting point, are the best metric for quantifying losses. That said, whereas the government and the Special Master agree that some interest component should be applied to those "Affiliate Investment"

³ See Appendix 3 for definition and discussion of IALA.

balances to account for the time value of money, Defendant disagrees with any interest component factoring into the restitution analysis.⁴

Ultimately, the Special Master seeks entry of a preliminary order of restitution—in a form substantially similar that appearing as Exhibit A attached hereto—that awards restitution to the following persons in the following amounts.

<u>NAME OF PAYEE</u>	<u>AMOUNT OF RESTITUTION</u>
CBL	\$821,000,000
BLIC	\$21,000,000
SNIC	\$131,000,000
SNRC	\$0.00
Northstar	\$159,000,000
Omnia	\$43,000,000
PBLA (including ULICO)	\$406,000,000
PBIHL	\$44,000,000
TOTAL	\$1,625,000,000

The Bermuda Insurance Companies take the position that: the amounts listed for the North Carolina Insurance Companies above technically reflect claims of the various state Guaranty Associations that satisfied the North Carolina Insurance Companies’ policyholder liabilities; the Bermuda Insurance Companies are “direct victims” of Defendant; and, therefore, those amounts shown above for the North Carolina Insurance Companies should be paid only after all victim claims have been fully satisfied.⁵ NOLHGA represents to the Special Master that the Guaranty Associations take the position that: the Guaranty Associations are not insurers; statutory benefits protect policyholders but do not satisfy debts, extinguish obligations, or release insurers or any third parties; the North Carolina Insurance Companies are victims of Defendant entitled to

⁴ In addition, the Special Master rejected many of Defendant’s arguments for various “offsets” or “credits” against the loss amounts. These offsets, and why the Special Master rejected them, are discussed later in this Report.

⁵ 18 U.S.C. § 3664(j)(1) provides that “[i]f a victim has received compensation from insurance or any other source with respect to a loss, the court shall order that restitution be paid to the person who provided or is obligated to provide the compensation, but the restitution order shall provide that all restitution of victims required by the order be paid to the victims before any restitution is paid to such a provider of compensation.”

payment on an equal priority basis with other victims; and the Guaranty Associations have claims against the North Carolina Insurance Companies along with other creditors.

Considering the complexity of the factual and legal issues discussed in this Report and the numerous persons impacted by the preliminary order sought by the Special Master, the Special Master recommends that interested persons be given at least thirty (30) days to submit to the Court objections or other responses to this Report. Depending on the responses that are filed (and the arguments made therein), the Special Master anticipates that interested persons may further seek to reply to those responses.

Thereafter, the Special Master envisions separately petitioning the Court to resolve the remaining restitution issues (*i.e.*, payment and priority issues) in connection with sentencing or at some other appropriate time.

II. PROCEDURAL BACKGROUND

On February 23, 2023, in a thirteen-count Bill of Indictment (the “Indictment”), Greg E. Lindberg (“Defendant”) was charged with: conspiracy, in violation of 18 U.S.C. § 371; wire fraud, in violation of 18 U.S.C. § 1343; making false insurance business statements presented to regulators, in violation of 18 U.S.C. § 1033(a); making false entries about the financial condition or solvency of an insurance business, in violation of 18 U.S.C. § 1033(c); and money laundering conspiracy, in violation of 18 U.S.C. § 1956(h). Doc. No. 1.

On or around November 1, 2024, Defendant entered into a Plea Agreement with the United States of America, by and through the U.S. Attorney for the Western District of North Carolina and the Fraud Section Chief of the Department of Justice’s Criminal Division (the “Plea Agreement”). Doc. No. 40. Pursuant to the Plea Agreement, in addition to and in consideration of various other concessions by Defendant and the government, Defendant agreed to: (a) enter a voluntary plea of guilty to Counts One and Thirteen of the Indictment; (b) entry of an order directing Defendant to

pay full restitution to all persons directly or indirectly harmed by Defendant’s criminal conduct, including not only the crime of conviction but also all relevant conduct and all conduct pertaining to any dismissed counts in the Indictment or uncharged conduct; and (c) the appointment of a special master.⁶ The Plea Agreement also specifically identified the following entities as persons due restitution in connection with the above-captioned case (this “Case”): Southland National Insurance Company (“SNIC”); Southland National Reinsurance Corporation (“SNRC”); Colorado Bankers Life Insurance Company (“CBL”); Bankers Life Insurance Company (“BLIC,” and collectively with SNIC, SNRC, and CBL, the “North Carolina Insurance Companies”); Universal Life Insurance Company and Universal Life Insurance Company of Puerto Rico (together, “ULICO”); PB Life and Annuity Co., Ltd. (“PBLA”); PB Investment Holdings Ltd. (“PBIHL”); Omnia Ltd. (“Omnia”); and Northstar Financial Services (Bermuda) Ltd. (“Northstar,” and collectively with PBLA, PBIHL, and Omnia, the “Bermuda Insurance Companies”).⁷

On December 12, 2024, the U.S. Attorney’s Office for the Western District of North Carolina and Defendant jointly moved for the appointment of the Special Master given the complexity of the issues relative to navigating the existing state court litigation, interacting with existing trustees and receivers appointed to preserve assets, valuing the various assets, and calculating and paying victim restitution in this Case. Doc. No. 54. The Special Master Order was entered in this Case on January 23, 2025.

Among other powers and duties, the Special Master Order empowers the Special Master to: (a) verify and quantify the losses suffered by each victim and any amounts already received

⁶ Defendant also agreed to complete a personal financial statement under penalty of perjury by no later than December 5, 2024 and to update that statement within seven (7) days of any material change with respect thereto. Defendant did not deliver such personal financial statement until March 16, 2026 and, as a result, the Special Master has not yet had an opportunity to meaningfully review the same.

⁷ This Report refers to the North Carolina Insurance Companies, the Bermuda Insurance Companies, and ULICO as the “Pre-Designated Restitution Parties.”

by each victim to compensate for such losses; and (b) fashion a proposed restitution order. As set forth in the Special Master Order, in order to “fashion a restitution order, the Court must consider and determine: (a) which entities and individuals are properly considered “victims” pursuant to 18 U.S.C. § 3663A(a)(2); (b) the proper amount of restitution owed to each victim pursuant to 18 U.S.C. §§ 3663A(b) and 3664(e); and (c) an appropriate payment schedule pursuant to, among other sections, 18 U.S.C. § 3664(i).” This Report focuses on the first two of those three determinations (and seeks entry of a preliminary order from the Court concerning the same), and the Special Master seeks to defer establishing an appropriate payment schedule and other related payment priority issues until the forthcoming sentencing hearing or some other time following entry of the preliminary restitution order. The Special Master’s proposed preliminary restitution order is attached hereto as Exhibit A.

III. FACTUAL BACKGROUND

The Indictment details a massive insurance fraud conspiracy, the purposes of which “were to evade regulatory requirements meant to protect policyholders, conceal the true financial condition of [Defendant’s] insurance companies, and conceal [Defendant’s] improper use of insurance company funds for [Defendant’s] personal benefit.” *See* Doc. No. 1 at 2 (¶ 5). The Indictment catalogues losses suffered primarily by the Pre-Designated Restitution Parties, averring that Defendant owed the Pre-Designated Restitution Parties more than \$1.1 billion as a result of Defendant’s conduct described in the Indictment. *See id.* at 40 (¶ 185). The Indictment more specifically describes the scheme as summarized in Appendix 1, attached hereto and incorporated herein by reference.

IV. PERSONS POTENTIALLY DUE RESTITUTION

A. General Parameters

Based on the Indictment's allegations, the provisions of the Mandatory Victims Restitution Act of 1996 (the "MVRA"), and case law interpreting the MVRA, the Special Master believes that a person⁸ must meet the following criteria in order to potentially qualify as a person due restitution in connection with this Case (the "Special Master's Definition"):

Either (1)

- an insurance company,
- the assets of which Defendant or Defendant's agents had some power to invest or otherwise control, directly or indirectly,
- which assets were in fact diverted to a Defendant-affiliated entity,
- to whom, or to whose regulators, Defendant or Defendant's agents made material misrepresentations or omissions concerning those affiliated investments or asset management strategies, and
- which diverted assets actually lost value as a proximate result of Defendant's activities.

Or (2)

- an insured of an insurance company described above (or a subrogee thereof),
- which actually suffered damages as a proximate result of Defendant's fraudulent activities.

B. Pre-Designated Restitution Parties

In addition to the government and Defendant having already agreed to the Pre-Designated Restitution Parties qualifying as persons due restitution in this Case, the Pre-Designated Restitution Parties meet the Special Master's Definition. Appendix 2, attached hereto and incorporated herein by reference, provides background on each of the Pre-Designated Restitution

⁸ This Report's use of the term "person" includes both natural human beings and legal entities created pursuant to a state or federal statute.

Parties and explains why the Pre-Designated Restitution Parties qualify for restitution pursuant to the Special Master's Definition.

1. THE NORTH CAROLINA INSURANCE COMPANIES

The Pre-Designated Restitution Parties in this Case include a group of North Carolina domiciled insurance companies (defined above as the North Carolina Insurance Companies) that were acquired and controlled by Defendant between approximately 2014 and 2017 and subsequently placed into receivership by the North Carolina Commissioner of Insurance (the "NCCOI"). Each company was re-domesticated to North Carolina and operated as a subsidiary of GBIG Capital LLC (NC) ("GBIG"), an entity owned and controlled by Defendant. On June 27, 2019, the Wake County Superior Court ("Wake County Court") issued Orders of Rehabilitation against the North Carolina Insurance Companies, appointing the NCCOI as Rehabilitator (each a "Rehabilitation Order"). SNIC, BLIC, and CBL were subsequently placed into liquidation. As set forth in detail in Appendix 2, the North Carolina Insurance Companies, their policyholders, and creditors suffered substantial financial harm as a direct result of Lindberg's criminal conduct. Even though these entities are in liquidation, Defendant remains their ultimate beneficial owner.⁹

a. SNIC

Financial Condition. As there are multiple victims identified in the Indictment and as SNIC is being liquidated by the NCCOI, assessing SNIC's economic circumstances informs the Special Master's restitution analysis, as permitted by the MVRA. SNIC reported ~84,000 policyholders and a financial position as of September 30, 2023 consisting of:

⁹ On information and belief, Defendant's interests in the insurance companies may be subject to divestiture on account of Defendant having pled guilty in this Case. In any event, there are no other ultimate beneficial owners of the insurance companies besides Defendant.

Summary Balance Sheet	Amount
Cash and Investments	\$39,576,948
Other Assets	\$3,688
Total Admitted Assets (excluding non-admitted affiliated investments)	\$39,580,636
Claims Against the Estate — Policyholders	\$41,000
Claims Against the Estate — Guaranty Associations	\$131,363,363
Claims Against the Estate — NC Mutual Life Ins. Co.	\$49,331,149
Other Liabilities and Creditor Claims	\$2,303,238
Total Liabilities	\$183,038,750
Excess of Liabilities over Assets (Deficit)	\$(143,458,114)

Overall, SNIC’s liabilities exceed its total admitted assets¹⁰ by approximately \$144 million. Importantly, by operation of state law (and the laws of the District of Columbia), Guaranty Associations from each jurisdiction where SNIC was licensed provided statutory benefits to policyholders and beneficiaries in the aggregate amount of approximately \$131 million, thereby substituting Guaranty Association claims on SNIC’s balance sheet for policyholder claims.¹¹ Additionally, SNIC reported a liability totaling \$49 million representing unpaid obligations owed to North Carolina Mutual Life Insurance Company as a direct beneficiary of a reinsurance trust established to secure SNIC’s obligations under a Reinsurance and Administration Agreement.

Affiliated Securities. For statutory reporting purposes, non-admitted assets are excluded from an insurer’s balance sheet. SNIC’s non-admitted assets consisted primarily of Affiliate Investments with a carrying value of approximately \$126 million¹² as of September 30, 2023.

¹⁰ “Admitted assets” are specific assets allowed by state insurance laws and the NAIC to be included in an insurance company’s annual financial statements to measure solvency. They are highly liquid, easily convertible to cash, and used to cover liabilities, ensuring policyholder protection. Non-liquid assets are generally excluded from the balance sheet because they cannot be easily liquidated to pay claims.

¹¹ There were a relatively *de minimis* amount (\$41,000 worth) of SNIC policyholder claims that were not entitled to statutory benefits from the Guaranty Associations. Those policyholder claims were satisfied when the Special Master made payments at the end of 2025 in accordance with the CWG compromise. *See Order* granting consent motion to approve distribution of CWG sale proceeds (Doc. No. 68).

¹² September 2023 Quarterly Report, Exhibit A (Southland National Insurance Corporation), p. 45.

Pursuant to statutory accounting principles, these investments were assigned a value of zero and are therefore excluded from the balance sheet presented above.

Nature of the Fraud Executed Against SNIC. The conduct underlying SNIC’s insolvency is the subject of the Indictment. As summarized herein, the Indictment alleges a multi-layered scheme sustained over several years, including the systematic extraction of policyholder funds into Defendant-controlled entities, the false reporting of affiliated investments as unaffiliated in SNIC’s statutory financial statements, and other activities described therein.

b. BLIC

Financial Condition. As there are multiple victims identified in the Indictment and as BLIC is being liquidated by the NCCOI, assessing BLIC’s economic circumstances informs the Special Master’s restitution analysis, as permitted by the MVRA. BLIC reported 8,313 policyholders and a financial position as of December 31, 2024 consisting of:

Summary Balance Sheet	Amount
Cash and Investments	\$242,101,619
Other Assets	\$4,249,683
Total Admitted Assets (excluding non-admitted affiliated investments)	\$246,351,302
Claims Against the Estate — Policyholders	\$34,938,003
Claims Against the Estate — Guaranty Associations	\$447,888,444
Claims Against the Estate — GA Administrative Expense	\$2,600,000
Other Liabilities and Creditor Claims	\$564,799
Total Liabilities	\$485,991,247
Excess of Liabilities over Assets (Deficit)	\$(239,639,945)

Overall, BLIC’s liabilities exceed its total admitted assets¹³ by approximately \$240 million. Importantly, by operation of state law (and the laws of the District of Columbia), Guaranty Associations from each jurisdiction where BLIC was licensed provided statutory benefits to policyholders and beneficiaries in the aggregate amount of approximately \$448 million, thereby

¹³ See *supra* n.10.

substituting Guaranty Association claims on BLIC's balance sheet for policyholder claims. In addition, approximately \$35 million in BLIC policyholder claims were not entitled to statutory benefits from the Guaranty Associations. These policyholder claims were satisfied when the Special Master made payments at the end of 2025 in accordance with the CWG compromise.¹⁴

Affiliated Securities. For statutory reporting purposes, non-admitted assets are excluded from an insurer's balance sheet. BLIC's non-admitted assets consisted primarily of Affiliate Investments with a carrying value of approximately \$48 million¹⁵ as of December 31, 2024. Pursuant to statutory accounting principles, these investments were assigned a value of zero and are therefore excluded from the balance sheet presented above.

Nature of the Fraud Executed Against BLIC. The conduct underlying BLIC's insolvency is the subject of the Indictment. As summarized at further length herein, the Indictment alleges a multi-layered scheme sustained over several years, including the systematic extraction of policyholder funds into Defendant-controlled entities, the false reporting of affiliated investments as unaffiliated in BLIC's statutory financial statements, and other activities described therein.

c. CBL

Financial Condition. As there are multiple victims identified in the Indictment and as CBL is being liquidated by the NCCOI, assessing CBL's economic circumstances informs the Special Master's restitution analysis, as permitted by the MVRA. CBL reported 122,485 policyholders and a financial position as of December 31, 2024 consisting of:

¹⁴ See Order granting consent motion to approve distribution of CWG sale proceeds (Doc. No. 68).

¹⁵ September 2023 Quarterly Report, Exhibit C (Bankers Life Insurance Company), Exhibit C, p. 40.

Summary Balance Sheet	Amount
Cash and Investments	\$550,306,995
Other Assets	\$24,464,822
Total Admitted Assets (excluding non-admitted affiliated investments)	\$574,771,817
Claims Against the Estate — Policyholders	\$118,772,730
Claims Against the Estate — Guaranty Associations	\$1,270,591,872
Claims Against the Estate — GA Administrative Expense	\$7,400,000
Other Liabilities and Creditor Claims	\$195,887,742
Total Liabilities	\$1,592,644,344
Excess of Liabilities over Assets (Deficit)	\$(1,017,872,527)

Overall, CBL's liabilities exceed its total admitted assets¹⁶ by approximately \$1.0 billion. Importantly, by operation of state law (and the laws of the District of Columbia), Guaranty Associations from each jurisdiction where CBL was licensed provided statutory benefits to policyholders and beneficiaries in the aggregate amount of approximately \$1.3 billion, thereby substituting Guaranty Association claims on CBL's balance sheet for policyholder claims. In addition, approximately \$119 million of CBL policyholder claims were not entitled to statutory benefits from the Guaranty Associations. These policyholder claims were satisfied when the Special Master made payments at the end of 2025 in accordance with the CWG compromise.¹⁷

Affiliated Securities. In addition to the admitted assets reported above, CBL reported a carrying value of \$892 million in Affiliate Investments at December 31, 2024. Pursuant to statutory accounting principles, these investments were assigned a value of zero and are therefore excluded from the balance sheet presented above.

Nature of the Fraud Executed Against CBL. The conduct underlying CBL's insolvency is the subject of the Indictment. As summarized herein, the Indictment alleges a multi-layered scheme sustained over several years, including the systematic extraction of policyholder funds into

¹⁶ See *supra* n.10.

¹⁷ See *Order* granting consent motion to approve distribution of CWG sale proceeds (Doc. No. 68).

Defendant-controlled entities, the false reporting of affiliated investments as unaffiliated in CBL's statutory financial statements, and other activities described therein.

d. SNRC

Although SNRC is postured somewhat similarly to the other North Carolina Insurance Companies in terms of history, corporate ownership structure, and being subject to a Rehabilitation Order, SNRC does not appear to be a person truly due restitution in this Case. SNRC had no Affiliate Investments on its balance sheet immediately prior to the Rehabilitation Order, nor did (or does) SNRC have any policyholder liabilities. Accordingly, the Special Master believes SNRC is either: (i) not a restitution payee in this Case; or (ii) a restitution payee with \$0.00 in restitution losses.

2. THE BERMUDA INSURANCE COMPANIES

The Pre-Designated Restitution Parties in this Case include the Bermuda Insurance Companies that were acquired and controlled by Defendant between approximately 2017 and 2018. The Bermuda Insurance Companies were issued “Windup Orders” by the Supreme Court of Bermuda.¹⁸ Defendant remains the ultimate beneficial owner of the Bermuda Insurance Companies.

a. Omnia and PBIHL

Omnia and PBIHL are Bermuda entities acquired by Defendant in June 2017 in a single transaction from Beechwood, LLC (“Beechwood”), an entity linked to the Platinum Partners (“Platinum”) receivership. The two entities share substantially overlapping facts relating to their

¹⁸ In the Matter of Northstar Financial Services (Bermuda) Ltd., No. 2020-304 (Sup. Ct. Bermuda Mar. 26, 2021); In the Matter of Omnia Ltd., No. 2020-305 (Sup. Ct. Bermuda Mar. 26, 2021); In the Matter of PB Investment Holdings Ltd., No. 2020-441 (Sup. Ct. Bermuda Apr. 9, 2021); In the Matter of PB Life and Annuity Co., Ltd., No. 2020-306 (Sup. Ct. Bermuda Feb. 17, 2023) (Winding-Up Orders).

acquisition, the fraud perpetrated against them, and their subsequent liquidation proceedings. They are addressed together in this section.

Financial Condition. As there are multiple victims identified in the Indictment and as Omnia and PBIHL are being liquidated, assessing each entity’s economic circumstances informs the Special Master’s restitution analysis, as permitted by the MVRA. Omnia reported a financial position as of September 24, 2021 consisting of:

Summary Balance Sheet	September 24, 2021
Cash – Unrestricted	\$1,943,434
Cash – Restricted	\$17,702,453
Investments	Nil or unknown
Separate Asset Accounts	\$128,608,796
Other	\$4,405,970
Total Assets	\$152,660,655
Fixed Product Future Policy Benefit Reserve	\$36,517,510
Separate Liability Accounts	\$128,608,796
Current Outstanding Surrenders	\$22,793,270
Intercompany & Other	\$3,704,770
Total Liabilities	\$191,624,346
Excess of Liabilities over Assets (Deficit)	\$(38,963,691)

Overall, Omnia’s liabilities at the time of winding-up exceeded its total admitted assets¹⁹ by approximately \$39 million. Omnia’s variable policyholders were protected through segregated accounts totaling approximately \$129 million; however, fixed policyholder claims are limited to a remaining investment portfolio heavily concentrated in Affiliate Investments.

Although the financial information provided to the Special Master for PBIHL is less detailed than that for Omnia, the Bermuda Insurance Companies provided spreadsheets to the Special Master representing that, as of December 31, 2024, PBIHL had balance sheet assets

¹⁹ The assets generally disclosed in the above balance sheet would be characterized as “admitted assets” under the phrasing used by the North Carolina Insurance Companies. *See supra* n.10. The “Investments” refer to the affiliated investments that would not appear on the North Carolina Insurance Companies’ balance sheets as “non-admitted” assets.

totaling approximately \$6 million, policyholder liabilities totaling \$42 million, and other liabilities totaling \$3 million.

Nature of the Fraud Executed Against Omnia and PBIHL The conduct underlying Omnia and PHIHL’s wind-down is the same fraud outlined in the Indictment. As summarized in Appendix 1, the Indictment alleges a multi-layered scheme sustained over several years, including the systematic extraction of policyholder funds into Defendant-controlled entities, the false reporting of affiliated investments as unaffiliated in Omnia’s and PBIHL’s financial statements, and other activities described therein.

b. Northstar

Financial Condition. As there are multiple victims identified in the Indictment and as Northstar is being liquidated, assessing Northstar’s economic circumstances informs the Special Master’s restitution analysis, as permitted by the MVRA. Northstar reported a financial position as of September 25, 2020 consisting of:

Summary Balance Sheet	September 25, 2020
Cash & Cash Equivalent	\$3,494,262
Investment in Affiliated Investments	\$1
Non-affiliated Investments	\$142,231,160
Intercompany Recharges	\$1
Total Assets	\$145,725,424
Fixed Active and Surrendered Contracts	248,099,183
Variable Active and Surrendered Contracts	104,923,170
General Active and Surrendered Contracts	53,840,716
General Creditors	465,750
Total Liabilities	\$407,328,819
Excess of Liabilities over Assets (Deficit)	\$(261,603,395)

Overall, Northstar’s liabilities at the time of winding-up exceeded its total admitted assets²⁰ by approximately \$262 million. Northstar’s variable policyholders were protected through

²⁰ The assets generally disclosed in the above balance sheet would be characterized as “admitted assets” under the phrasing used by the North Carolina Insurance Companies. See *supra* n.10. The “Investment in Affiliated

segregated accounts totaling approximately \$105 million; however, fixed policyholder claims are limited to a remaining investment portfolio heavily concentrated in Affiliate Investments.

Nature of the Fraud Executed Against Northstar. The conduct underlying Northstar's wind-down is the same fraud outlined in the Indictment. As summarized herein, the Indictment alleges a multi-layered scheme sustained over several years, including the systematic extraction of funds into Defendant-controlled entities, the false reporting of affiliated investments as unaffiliated in financial statements, and other activities described therein.

3. ULICO AND PBLA

ULICO is a life insurance company with its principal place of business in Puerto Rico. PBLA is a Bermuda-based life insurance and reinsurance company formed and controlled by Defendant. Defendant is the ultimate beneficial owner of PBLA. ULICO's involvement with Defendant stems from the PBLA-ULICO Reinsurance Agreement.

Following the execution of the PBLA-ULICO Reinsurance Agreement and PBLA gaining access to the assets transferred to the ULICO 2017 Trust, Defendant began extracting money through a coordinated series of fraudulent transactions. These included: (i) causing the ULICO 2017 Trust to invest in Defendant-affiliated companies in violation of the Investment Guidelines; (ii) engineering sham repurchase agreements ("Repos"); and (iii) extracting funds that were then used, among other purposes, to make payments on outstanding loans owed to affiliated entities, and to finance Defendant's personal expenses.

In January 2020, ULICO further initiated arbitration proceedings against PBLA. In May 2020, the arbitration panel held a hearing on ULICO's motion for interim relief. In June 2020, the

Investments" refer to the affiliated investments that would not appear on the North Carolina Insurance Companies' balance sheets as "non-admitted" assets.

arbitration panel issued an award granting ULICO's motion, requiring PBLA, among other things, to deposit \$524 million into a segregated bank account to secure its obligations under the Reinsurance Agreement and to satisfy any liabilities arising from ULICO's policyholder obligations. PBLA failed to make that deposit, and the obligation remains outstanding.

Separately, in May 2022, the United States District Court for the Middle District of North Carolina entered a \$524 million judgment against Defendant²¹ for the breach of his personal guarantee of PBLA's obligations. That judgment remains unsatisfied. ULICO has since pursued enforcement actions in both the Middle District of North Carolina and the Superior Court for Durham County, North Carolina. On information and belief, ULICO has not forcibly recovered any assets from Defendant through those enforcement actions. It is important to note that, unlike the North Carolina Insurance Companies or Bermuda Insurance Companies, ULICO is not in rehabilitation or liquidation. Rather, it has instead protected its policyholders by using other corporate assets to make over \$200 million in payments that should have been covered under the reinsurance that it obtained through PBLA.

The Bermuda Insurance Companies provided spreadsheets to the Special Master representing that, as of December 31, 2024, PBLA had balance sheet assets totaling approximately \$3 million, policyholder liabilities totaling \$520 million (*i.e.*, the obligation owed to ULICO), and other liabilities totaling \$3 million.

C. Other Insurance-Related Persons Seeking Restitution

In addition to the Pre-Designated Restitution Parties, other persons that claimed to have sustained damages as a result of Defendant's insurance business activities have contacted the

²¹ See *Universal Life Insurance Co. v. Lindberg*, No. 1:20-CV-681 (M.D.N.C. May 3, 2022) [D.E. 122] (entering judgment against Lindberg for breach of personal guarantee of PBLA's reinsurance obligations to ULICO).

Special Master seeking to be paid from the funds administered by the Special Master in this Case, including: Vista Life & Casualty Reinsurance Company, f/k/a Alpha Re (U.S.) Inc. (“Vista”); Vista Life & Casualty Reinsurance Company’s Protected Cell 1.16, n/k/a ViUS PC 2016-A IC, Inc. (“Cell 1.16”); United Security Assurance Company of Pennsylvania (“USAP”); Nederlandsche Algemeene Maatschappij Van Levensverzekering “Conservatrix” N.V. (“Conservatrix”); employees and agents of certain of the North Carolina Insurance Companies; and individual policyholders, primarily those insured through the Bermuda Insurance Companies. Appendix 2 includes further information concerning each of these constituencies and why the Special Master believes each either: (a) does not meet the Special Master’s Definition; or (b) has interests adequately represented by the Pre-Designated Restitution Parties such that they need not be itemized or otherwise independently accounted for in any restitution order.

D. Others Seeking Restitution

In addition to the foregoing persons seeking restitution in this Case based on an alleged harm having some nexus to Defendant’s insurance enterprise, the Special Master has received victim impact statements from, or has otherwise been contacted by, various other persons seeking restitution for alleged harms having nothing to do with Defendant’s insurance enterprise. These include, without limitation: Defendant’s ex-wife; one or more of Defendant’s ex-girlfriends; judgment creditors; disgruntled investors or former business partners; and other of Defendant’s general creditors. Although Defendant agreed to full restitution—in the broadest sense—for “all conduct pertaining to any . . . uncharged conduct,” some nexus must exist between the harm complained of by the person seeking restitution and the conduct described in the Indictment. These other persons seeking restitution have failed to demonstrate a connection between their alleged damages and the crimes described in the Indictment (or any crime at all). Therefore, the Special Master does not recommend that these claimants receive restitution in this Case.

V. LOSS AMOUNTS

A. Summary of Different Methodologies

In determining the appropriate loss amounts for purposes of restitution, three primary categories of monetary damages bear on the analysis: (1) the loss amounts asserted by the putative victim; (2) the outstanding balances of the Affiliate Investments representing the vehicles through which funds were misappropriated; and (3) the policyholder liabilities representing the unpaid obligations owed to individual policyholders as consequential victims. Because these three categories overlap and seek to measure different dimensions of the same underlying harm, a consistent set of criteria is necessary to determine which amounts most accurately and defensibly quantify the losses caused by the conduct underlying the thirteen counts of the Indictment. Such criteria are discussed in detail in Appendix 3, attached hereto and incorporated herein by reference.

B. Affiliate Investments

This section quantifies the current outstanding balances for Affiliate Investments held by the North Carolina Insurance Companies and the Bermuda Insurance Companies, being the most readily ascertainable shorthand for calculating how much money Defendant took from the Pre-Designated Restitution Parties. Although the calculation of the outstanding principal balances for these investments is imperfect as explained in Appendix 3, the amounts set forth below represent the Special Master's best estimate of the original loss sustained by the insurance companies after giving credit to Defendant for various documented recoveries and offsets. As set forth below, the two primary issues with these calculations are (1) whether any interest should be included and, if so, how much; and (2) what credit Defendant should receive for claimed recoveries and offsets.

1. Different Interest Methodologies

Within this framework for calculating loss amounts, primarily three interest methodologies were evaluated to quantify the current outstanding balances due to the North Carolina Insurance

Companies and the Bermuda Insurance Companies and include: (1) Unpaid Principal (no interest); (2) Unpaid Principal Plus Time Value of Money Interest; and (3) Unpaid Principal Plus IALA Contractual Interest. Again, further detail is provided in Appendix 3 regarding how the Special Master’s financial advisors accounted for accruing interest (or not) and applied intervening partial payments under each of the three methodologies.

The following table summarizes the outstanding and unpaid Affiliate Investment balances projected through March 31, 2026 under each methodology:

\$ in millions	Unpaid Principal	Unpaid Principal Plus Time Value of Money Interest	Unpaid Principal Plus IALA Contractual Interest
North Carolina Insurance Companies:			
CBL	\$688	\$821	\$1,218
BLIC	13	21	45
SNIC	113	131	189
Subtotal	\$814	\$973	\$1,452
Bermuda Insurance Companies:			
Northstar	\$134	\$159	\$194
OMNIA	37	43	38
PBLA	339	406	620
PBIHL	38	44	50
Subtotal	\$548	\$652	\$902
Total	\$1,362	\$1,625	\$2,354

2. Special Master’s Recommendation on Interest Rate

Of the three methodologies for calculating interest outlined above, the Special Master believes that the middle approach—Unpaid Balance Plus Time Value of Money Interest—mostly closely aligns with the purposes of the MVRA. On one end of the spectrum, restitution under the MVRA is aimed at quantifying the actual loss suffered, not necessarily awarding a victim the benefit of the victim’s bargain with the defendant; this reasoning leads the Special Master to shy away from recommending interest at the contractual rate. On the other end of the spectrum,

awarding only principal—especially when the losses occurred nearly a decade ago—deprives the victim of the time value of money. Accordingly, the Special Master believes that a method that incorporates a “time value of money” interest rate is fair and appropriate under the circumstances. *See United States v. Fike*, 140 F.4th 351, 355-59 (6th Cir. 2025) (court did not err in including time value of money interest as part of restitution because it more fully compensated victim’s losses) (collecting cases); *see also United States v. Hoyle*, 33 F.3d 415 (4th Cir. 1994) (no error in including loan interest in restitution amount). Using a time value of money interest rate will also promote more equal treatment among the different Pre-Designated Restitution Parties, whose affiliated investments may not have all had the same contractual interest rates. As set forth above, Defendant disagrees with the position of the government and Special Master that some interest component is an appropriate element of restitution under these circumstances.

3. Offsets Considered but Not Assumed

Defendant has identified various payments and transfers that he characterizes as presently existing offsets against any restitution awarded in this Case (“Asserted Recoveries”). These Asserted Recoveries total at least \$1.6 billion and encompass a wide range of business transactions that took place between 2019 and 2025. For purposes of determining restitution, Qualifying Recoveries (discussed further in Appendix 3) are generally defined as payments made for the benefit of the victim insurance companies or their policyholders, but exclude payments made for Defendant’s own strategic, business, or self-preservation purposes or for other independent consideration.

The Special Master has determined that some elements of the Asserted Recoveries satisfy these criteria. As such, they are incorporated in the Unpaid Principal amounts above, which include the following:

- quarterly interest payments and other partial payments of principal or interest that Defendant made to some of the Pre-Designated Restitution Parties;
- a \$25 million partial payment made directly to ULICO; and
- The \$289 million in aggregate CWG sale proceeds distributed to the Pre-Designated Restitution Parties and the holders of claims not entitled to statutory benefits from the Guaranty Associations.

The Special Master has determined that the remaining Asserted Recoveries do not presently satisfy the applicable criteria. The following is a list of these Asserted Recoveries rejected by the Special Master with a brief explanation of the Special Master's primary rationale for rejecting the same.

- A credit for all of the assets on the victims' balance sheets, or, at least, a credit for those assets that are ultimately distributed to the victims' creditors, and/or a credit for the enterprise value of each victim at the time the applicable supervising governmental authority took control of the victim.
 - If, in this Case, the victims are the insurance companies and the loss amounts are based on Affiliate Investment balances, then a victim's other assets (or enterprise value) are irrelevant to the calculation of loss amounts. As the assets and liabilities correspondingly decrease on the victims' balance sheets over time, the victims are in no better (or worse) of a financial condition. The Special Master's recommended methodology ignores, and does not otherwise make Defendant responsible for, the victims' policyholder liabilities (or other liabilities). As such, Defendant should receive no restitution credit as the victims pay their obligations from other assets available to each entity.
- Defendant's transfer of a preferred equity position in one of the Primary Restitution Assets to ULICO, for which ULICO agreed to reduce the amount of ULICO's civil judgment against Defendant by at least \$218 million.
 - The Special Master believes this offset should occur if and when the preferred equity position is liquidated into cash. Based on the Special Master's investigation, this asset is not freely transferable and is subject to too many unknowns and variables concerning potential market conditions to accurately estimate the amount ULICO is likely to recover on this asset. The Special Master believes ULICO's purported agreement(s) as to how to reduce its civil judgment on account of this transfer should not influence the Special Master's calculation of criminal restitution losses. The Court's standard

restitution order language that no victim can recover more than its losses should adequately protect Defendant if and when this asset can be monetized by ULICO.

- CBL’s receipt of a \$3 million subordination fee in connection with a new loan to some of Defendant’s other companies.
 - CBL agreed to subordinate its priority position to clear the way for certain of the Specified Affiliated Companies to obtain new capital, thereby increasing the risk of recovering on the corresponding Affiliate Investments. In other words, fresh consideration was given by CBL for the \$3 million payment.
- SNIC’s receipt of approximately \$28 million in expense reimbursements from Defendant in 2021–2022.
 - The NCCOI sought to move SNIC from rehabilitation to liquidation in 2021. To delay this from occurring, Defendant agreed to reimburse SNIC’s operating costs in continuing to operate per Defendant’s wishes. SNIC is no better off after having received these reimbursements from Defendant than SNIC would have been had it gone straight to liquidation over Defendant’s objections in 2021. In other words, fresh consideration (continued operations per Defendant’s request) was given by SNIC for the \$28 million.
- Approximately \$59 million in payments made to the Pre-Designated Restitution Parties for debts not included in the IALA.
 - The Special Master’s advisors learned very recently that some affiliated loans that had been subsequently fully satisfied do not appear in the IALA. The Special Master has not counted this “Cash Out” against Defendant in the Affiliate Investment loss amounts outlined in this Report; accordingly, Defendant should get no credit for the “Cash In” Defendant put back on account of these loans.
- CBL’s receipt of a \$5 million transaction fee in connection with a debt restructuring of one of the Primary Restitution Assets.
 - Probably the closest call of all the Asserted Recoveries rejected by the Special Master, CBL received some sort of transaction fee for serving as some kind of agent or servicer on some loans made between Defendant’s affiliated entities. In other words, fresh consideration (loan agent services) was given by CBL for the \$5 million. That said, the Special Master questions whether this fee reflected reasonably equivalent value for the services rendered, hence making this determination a “close call” in the mind of the Special Master.

- Various reductions totaling at least \$129 million relating to one or more entity(ies) referred to as “Agera.”
 - The crux of Defendant’s offset request here is that Agera is not an affiliated entity, is an investment Defendant assumed upon purchase of Omnia and PBIHL (and upon PBLA’s assumption of the obligation to reinsure ULICO’s liabilities), and, as such, does not fall under the terms of the Indictment. It appears to the Special Master, based on the information available, that Defendant purchased Omnia and PBIHL for \$1.00 each (and agreed to reinsure ULICO) having full knowledge of (i) those companies’ ownership of debt and/or equity in Agera, (ii) Agera’s troubled financial situation, (iii) that, for Omnia (and maybe others) to avoid regulatory supervision and otherwise succeed, Defendant would need to maintain Agera’s value. Despite all of this, Defendant shortly thereafter acquired a controlling ownership stake in Agera. Thus, it appears to the Special Master that Defendant benefitted from all of the investments into Agera by the Pre-Designated Restitution Parties, whether before Defendant’s acquisition of Agera or afterward.

- A reduction in the amount of \$118.3 million based on CBL’s purchase of a group of affiliated companies known as “Eye Care Leaders.”
 - Eye Care Leaders filed for bankruptcy in January of 2024, owing \$17 million to the Pre-Designated Restitution Parties in outstanding Affiliate Investments at that time. To finance the bankruptcy process, CBL loaned fresh capital to Eye Care Leaders separate and apart from the Affiliate Investments, and then purchased Eye Care Leaders out of bankruptcy with a credit bid based on the new debtor-in-possession financing amount plus additional cash. The Special Master does NOT agree (1) that Defendant should get a credit against his restitution obligations for the outstanding amount of Eye Care Leaders Affiliate Investments because CBL purchased Eye Care Leaders or (2) that the outstanding amount of those Affiliate Investments total \$118.3 million.

Obviously, Defendant disagrees with the Special Master’s conclusions on these points. On information and belief, the government agrees with the Special Master’s conclusions, although perhaps on additional or different rationales.

C. Policyholder Liabilities

This section quantifies the outstanding policyholder liabilities for the North Carolina Insurance Companies and the Bermuda Insurance Companies for purposes of assessing

consequential damages. Again, further explanation regarding how the Special Master's financial advisors determined policyholder liability amounts is provided in Appendix 3. To be clear, the Special Master disagrees with using outstanding policyholder liabilities as the primary metric for restitution losses in this Case. The principal harm resulting from the conduct described in the Indictment was the conversion of conservative, liquid investments into riskier more illiquid investments, a harm most directly expressed by the outstanding Affiliate Investment balances. While the consequential harm to individual policyholders is an important metric to examine if evaluating the comprehensive fallout of Defendant's activities, using outstanding policyholder liabilities to calculate loss amounts in this Case is too indirect, and subject to too many variables outside of Defendant's control, to act as the basis for the Special Master's recommendation on restitution loss amounts. Moreover, through the actions of the Guaranty Associations (as coordinated by NOLHGA), the Special Master, and the North Carolina Insurance Companies, among others, all of the North Carolina Insurance Companies' individual policyholders have had their claims paid by the Special Master and/or through statutory benefits provided by the Guaranty Associations.

As illustrated below, policyholder liabilities across the North Carolina Insurance Companies (now owed to the state Guaranty Associations) and the Bermuda Insurance Companies approximate \$2.8 billion and comprise \$1.8 billion for the North Carolina Insurance Companies as of February 16, 2026 and \$1 billion for the Bermuda Insurance Companies as of December 31, 2025. Policyholder claims not entitled to statutory benefits from the Guaranty Associations have been fully paid by the Special Master in the amount of approximately \$157 million from Primary Restitution Assets and are excluded from the noted \$2.8 billion policyholder liability figure.

<i>\$ in millions</i>	Policyholder Liabilities	Segregated Assets	Net Policyholder Liabilities
Owed to Guaranty Associations (NCICs):			
CBL	\$1,277	—	\$1,277
BLIC	447	—	447
SNIC	132	—	132
Subtotal	\$1,856	—	\$1,856 ²²
Bermuda Insurance Companies:			
Northstar	\$478	\$(136)	\$342
OMNIA	152	(105)	47
PBLA	499	—	499
PBIHL	45	(2)	43
Subtotal	\$1,174	\$(243)	\$931
Total	\$3,030	\$(243)	\$2,787

Even when taken together with other available non-affiliated assets, the Special Master’s recommended loss amounts based on current Affiliate Investment balances with “time value of money interest” are insufficient to satisfy (a) Northstar’s individual policyholder liabilities and (b) PBLA’s debts owed to ULICO and other policyholders. There are several potential reasons for this, but one significant cause of the discrepancy lies in the application of the “time value of money” interest rate which is understood to be below the interest rate earned by the fixed-rate insurance products sold by Northstar, which have continued to accrue interest at that higher rate as reflected in the above numbers. Moreover, as set forth above, as least as far back as 2020, Northstar’s assets appear to have been insufficient to meet its policyholder liabilities even if affiliated investments were included on the balance sheet in their face amount. The Special Master lacks sufficient information to fully explain why that is the case.

²² The North Carolina Insurance Companies held in excess of \$890 million in balance sheet assets, exclusive of any affiliated investments in Defendant’s other companies, at June 30, 2025 as set out in the Commissioner of Insurance of the State of North Carolina Receiver’s Quarterly Report filed March 16, 2026. These assets would be available to pay both liquidation expenses as well as policyholder liabilities.

The North Carolina Insurance Companies have been approved to use its available assets to pay down the liabilities owed to the state Guaranty Associations in an aggregate amount equal to \$512 million.

D. Claimed Losses

This section quantifies the losses claimed by each of the Pre-Designated Restitution Parties. On or about the first week of March 2026, a current update of claimed losses was requested from the North Carolina Insurance Companies and Bermuda Insurance Companies. The claimed loss figures for the North Carolina Insurance Companies and Bermuda Insurance Companies presented below differ in several key manners:

1. North Carolina Insurance Company claimed losses are as of March 31, 2026 while the Bermuda Insurance Company claimed losses are as of December 31, 2025.
2. North Carolina Insurance Company claimed losses are based solely on the outstanding Affiliate Investment balances and contractual interest thereon and do not include any professional costs, wind-down estimates, or non-affiliated loan or investment amounts due.²³
3. Bermuda Insurance Company claimed losses are based on policyholder liabilities adjusted by:
 - a. additional amounts for “Other Creditors”;
 - b. additional amounts for estimated liquidation and legal costs to complete the liquidation;
 - c. a reduction for assets held, both segregated and general, available to meet policyholder liabilities.

²³ On information and belief, the only reason the North Carolina Insurance Companies’ claimed loss amounts differ from the “Unpaid Principal Plus IALA Contractual Interest” amounts included in § V.B.1, *supra*, is due to the fact the North Carolina Insurance Companies have not been asked to submit an updated claim to the Special Master since various adjustments to their figures were made, working together with the Special Master’s financial advisors.

Total claimed losses are approximately \$2.5 billion with the North Carolina Insurance Companies at approximately \$1.6 billion and the Bermuda Insurance Companies at approximately \$900 million, as set forth in the chart immediately below.

<i>\$ in millions</i>	Claimed Losses
North Carolina Insurance Companies (March 31, 2026):	
CBL	\$1,355
BLIC	81
SNIC	191
Subtotal	\$1,627
Bermuda Insurance Companies (December 31, 2025):	
Northstar	\$325
OMNIA	51
PBLA	503
PBIHL	43
Subtotal	\$922
Total	\$2,549

The primary distinction between the losses claimed by the North Carolina insurance companies and the Special Master’s recommendation is whether contract interest is applied (the North Carolina Insurance Companies’ method) or a more conservative equalized interest rate is applied (the Special Master’s method). The Bermuda Insurance Companies use an entirely different framework for assessing losses (amount necessary to complete their winddown and liquidation).

VI. ASSETS AVAILABLE TO PAY RESTITUTION

A. Primary Restitution Assets

As discussed in the Special Master Order, Defendant agreed to immediately provide the Special Master exclusive possession and control of Defendant’s direct or indirect interests in certain specified companies for the purpose of using the same to wholly or partially satisfy Defendant’s restitution obligations (the “Primary Restitution Assets”). Importantly, Defendant is not the only person with legally recognized interests in the Primary Restitution Assets, and, in

many cases, Defendant’s interests in those assets are subordinated to those of other persons. Although the Special Master has not commissioned his own independent valuation of the Primary Restitution Assets, the Special Master has investigated the value of the Primary Restitution Assets²⁴ and believes that the likely aggregate amount to be recovered for restitution purposes from Defendant’s interests in the Primary Restitution Assets ranges as set forth in the chart immediately below.²⁵

<i>\$ in millions</i>	<i>Low</i>	<i>Mid</i>	<i>High</i>
Primary Restitution Assets	\$1,162	\$1,454	\$1,878

Upon request by the Court, the Special Master could provide additional detail concerning the Special Master’s estimates under seal or in an *in camera* setting.²⁶

B. Secondary Restitution Assets

The Special Master Order additionally provides that, in the event the Special Master determines that the Primary Restitution Assets will likely be insufficient to fully satisfy Defendant’s restitution obligations, then the Special Master may seek to liquidate other assets besides the Primary Restitution Assets that Defendant owns (the “Secondary Restitution Assets”).

²⁴ The estimated values included below are derived, in part, from (a) market pricing estimates obtained through past and present sale activities and (b) illustrative valuation analyses prepared by the financial advisors to NHC Holdings, LLC. These illustrative analyses do not constitute formal valuations or fairness opinions; rather, they reflect a desktop exercise employing discounted cash flow methodologies, comparable transaction analyses, and the financial projections provided by portfolio company management. Subject to these limitations and qualifications, market pricing estimates and illustrative valuations provide the most current available basis for estimating the realizable value of Defendant’s interests in the Primary Restitution Assets that may be available for restitution. These estimates reflect a blended range incorporating current market pricing from active sale processes and rolled-forward illustrative valuations.

²⁵ The range provided above excludes the approximately \$289 million in payments previously made to or for the benefit of the Pre-Designated Restitution Parties from the proceeds generated from the sale of CWG, which amounts have otherwise been deducted by the Special Master from the restitution amounts recommended through this Report.

²⁶ Publicly disclosing too much detail regarding the Primary Restitution Assets and the Special Master’s value determinations concerning the same would negatively impact liquidation efforts and could, in itself, decrease the value of the Primary Restitution Assets. Thus, the Special Master errs on the side of caution by including in this Report a range that encompasses all Primary Restitution Assets lumped together.

Thus, the Special Master's investigation and other activities to date have not focused on the Secondary Restitution Assets, and, at this time, the Special Master lacks sufficient information as to the value of the Secondary Restitution Assets, what encumbrances may exist thereon, or Defendant's ability to exempt those assets under otherwise applicable law. That said, the Special Master does not believe that Secondary Restitution Assets are likely to yield a significant amount of funds available to pay restitution, especially in comparison to the Primary Restitution Assets.

As set forth in this Report, the Special Master believes that the value to be extracted from Defendant's interests in the Primary Restitution Assets to pay restitution will not likely satisfy Defendant's restitution obligations in full.²⁷

Although the Special Master Order mandates that Defendant provide a personal financial statement detailing the Secondary Restitution Assets by December 4, 2024, Defendant did not deliver such personal financial statement until March 16, 2026. As a result, the Special Master has not yet had an opportunity to meaningfully review the personal financial statement.

VII. SPECIAL MASTER'S RECOMMENDATIONS

Based on the foregoing and for the reasons set forth above and in the Appendices attached hereto, the Special Master recommends that: the only parties due restitution in this Case are the Pre-Designated Restitution Parties; the Unpaid Principal Plus Time Value of Money Interest method of calculating Affiliate Investment balances reflects the method for calculating restitution in this Case that most closely aligns with the purposes of the MVRA; and that the restitution should be ordered in favor of the persons listed, and in the amounts shown, in the chart immediately below.

²⁷ In the event the Court agrees with the Special Master's recommendations, the Special Master intends to notify the Court through a subsequent Case filing that the Special Master will seek to liquidate any available Secondary Restitution Assets in addition to the Primary Restitution Assets.

<u>NAME OF PAYEE</u>	<u>AMOUNT OF RESTITUTION</u>
CBL	\$821,000,000
BLIC	\$21,000,000
SNIC	\$131,000,000
SNRC	\$0.00
Northstar	\$159,000,000
Omnia	\$43,000,000
PBLA (including ULICO)	\$406,000,000
PBIHL	\$44,000,000
TOTAL	\$1,625,000,000

Accordingly, the Special Master seeks entry of an order of restitution in a form substantially similar that appearing as Exhibit A attached hereto. The Special Master has proposed language in the proposed order appearing as Exhibit A that seeks to ensure that the victims do not receive a double recovery from the Special Master, including language relating to a certain interest that Defendant agreed to convey to ULICO but has not yet been converted to cash.

The Special Master (A) has been in communication with counsel for various persons who seek restitution in this Case but for whom the Special Master recommends no restitution and/or restitution in amounts lower than requested and (B) understands that these parties may seek to be heard on their objections to this Report. Given the complex and unique nature of the facts and legal issues underlying this Report, the Special Master recommends that Defendant and other interested persons be given thirty (30) days following the filing of this Report to submit to the Court objections or other responses to this Report.

VIII. RESERVATION OF RIGHTS

Through this Report and the requested preliminary order of restitution, the Special Master is not seeking to resolve, and makes no recommendations at this stage concerning, how partial restitution payments through the Special Master should be applied, including whether partial restitution payments should be divided proportionately among the foregoing payees or whether some payees should receive some priority in payment over other payees. All parties' rights

concerning those payment and priority issues, as well as Defendant's ability to pay, the timing of future restitution payments, and whether, and to what extent, the restitution imposed by this Order shall accrue interest—are expressly reserved. This reservation of rights expressly includes rights relating to arguments concerning whether the Guaranty Associations (as coordinated by NOLHGA) should be classified as providers of compensation to some extent and substituted to that extent as a direct payee of restitution in lieu of the North Carolina Insurance Companies. The Special Master proposes to continue investigating these issues and will make further report to the Court concerning the same, either in connection with sentencing or at some other appropriate point in the future.

Although this Report does not focus on reporting Defendant's cooperation with the Special Master's efforts, the Special Master reserves the right to advise the Court concerning Defendant's cooperation during the sentencing hearing or at some other appropriate time in the future.

Respectfully submitted this 3d day of April, 2026.

/s/ Michael L. Martinez

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CERTIFICATE OF SERVICE

Consistent with the Court's victim noticing *Order* entered on October 18, 2023 (Doc. No. 21), a copy of the foregoing *Report and Recommendations Regarding Restitution* will be posted on the public Department of Justice website, available at:

<https://www.justice.gov/criminal-vns/case/united-states-v-greg-e-lindberg>

In addition, the undersigned hereby certifies that copies of the foregoing *Report and Recommendations Regarding Restitution* were served on the persons listed below at the addresses listed by U.S. mail, postage prepaid, and/or by electronic mail, as indicated.

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Respectfully submitted this 3d day of April, 2026.

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EXHIBIT A

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION
3:23-CR-48-MOC

UNITED STATES OF AMERICA

v.

GREG E. LINDBERG

PRELIMINARY¹ ORDER OF
RESTITUTION

THIS MATTER is before the Court on the report and recommendations regarding restitution submitted by Joseph W. Grier, III, the Special Master (the “Special Master”) appointed by this Court in the Order Appointing Special Master (the “Appointment Order”). (Doc. No. 56).

On February 23, 2023, in a thirteen-count Bill of Indictment, Greg E. Lindberg (“Defendant”) was charged with: conspiracy, in violation of 18 U.S.C. § 371; wire fraud, in violation of 18 U.S.C. § 1343; making false insurance business statements presented to regulators, in violation of 18 U.S.C. § 1033(a); making false entries about the financial condition or solvency of an insurance business, in violation of 18 U.S.C. § 1033(c); and money laundering conspiracy, in violation of 18 U.S.C. § 1956(h). (Doc. No. 1). Defendant pled guilty to Count One (conspiracy to commit crimes in connection with the insurance business, wire fraud, and investment advisor fraud) and Count Thirteen (money laundering conspiracy) pursuant to a written plea agreement. As part of his plea agreement, Defendant agreed to pay restitution to victims of the conduct charged in the indictment and to the appointment of a special master to “identify, receive, apportion, and distribute funds for restitution, and perform any other related tasks as ordered by the Court.”

On December 5, 2024, the United States and Defendant jointly moved the Court to enter an order appointing a special master. (Doc. No. 54). The Court entered the Appointment Order on

¹ This Order is captioned “preliminary” as it precedes sentencing in this matter. At sentencing, this Court will incorporate this Order, in its present form or in a subsequently modified form, into the Judgment in this Criminal Case.

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January 23, 2025. (Doc. No. 56). Among other powers and duties, the Appointment Order empowers the Special Master to: (a) verify and quantify the losses suffered by each victim and any amounts already received by each victim to compensate for such losses; and (b) fashion a proposed restitution order.

As set forth in the Appointment Order, in order to “fashion a restitution order, the Court must consider and determine: (a) which entities and individuals are properly considered “victims” pursuant to 18 U.S.C. § 3663A(a)(2); (b) the proper amount of restitution owed to each victim pursuant to 18 U.S.C. §§ 3663A(b) and 3664(e); and (c) an appropriate payment schedule pursuant to, among other sections, 18 U.S.C. § 3664(i).” On March 20, 2026, the Special Master filed his Report and Recommendations Regarding Restitution (the “Restitution Report”). (Doc. No. ____). The Restitution Report focuses on the first two of the foregoing three determinations and seeks a preliminary order of restitution establishing: (1) who the payees of restitution are in this action; and (2) the amount of restitution ordered for each payee. The Special Master seeks to defer issues concerning the timing or priority of payments to the payees of restitution until a later time.

Based on the Court’s review of the Restitution Report and the record in this action, the Court’s finds and concludes that cause exists for entry of a preliminary order establishing the payees and amounts of restitution.

IT IS, THEREFORE ORDERED that:

Defendant shall make restitution to the following payees in the amounts listed below.

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<u>NAME OF PAYEE</u>	<u>RESTITUTION AMOUNT</u>
Colorado Bankers Life Insurance Company	\$821,000,000
Bankers Life Insurance Company	\$21,000,000
Southland National Insurance Company	\$131,000,000
Southland National Reinsurance Corporation	\$0.00
Northstar Financial Services (Bermuda) Ltd.	\$159,000,000
Omnia Ltd.	\$43,000,000
PB Life and Annuity Co., Ltd. / Universal Life Ins. Co.	\$406,000,000
PB Investment Holdings Ltd.	\$44,000,000
TOTAL	\$1,625,000,000

The recovery of any victims or other payees is limited to the amount of their loss, and Defendant's liability ceases if and when the victim(s) or other payee(s) receive full restitution. Without limiting the foregoing, to avoid an impermissible double recovery, PBLA's \$406,000,000 shall be reduced by the ultimate value received by ULICO for certain preferred equity in one of the primary restitution assets that Defendant previously agreed to transfer to ULICO.

The Court reserves for future order how partial restitution payments through the Special Master should be applied, including whether partial restitution payments should be divided proportionately among the foregoing payees or whether some payees should receive some priority in payment over other payees.

Defendant shall notify the Court, the Special Master, the U.S. Attorney's Office, and, during any period of supervised release, the U.S. Probation Office of any material change in Defendant's economic circumstances that might affect Defendant's ability to pay restitution.

Pursuant to 18 U.S.C. § 3664(i), all nonfederal victims must be paid before the United States is paid.

Defendant shall receive a credit reducing the foregoing restitution amounts for: (i) all future cash payments made to the foregoing payees by Defendant, through the Special Master or otherwise, with respect to the same loss(es); (ii) for all cash received by any of the foregoing

EXHIBIT A

payees from any of the “Primary Restitution Assets” or “Secondary Restitution Assets,” as those terms are defined in the Appointment Order; and (iii) for all civil damages recovered by the foregoing payees as compensation for the same loss(es). The foregoing restitution amounts already account for monetary recoveries realized by the payees prior to the entry of this Order.

Defendant shall remain responsible for paying all Court-approved fees, expenses, and other compensation incurred by the Special Master in fulfilling the Special Master’s duties under the Appointment Order. Defendant shall not receive a credit reducing the foregoing restitution amounts for the Court-approved administrative expenses incurred by the Special Master and paid by Defendant.

The restitution ordered herein shall be enforceable as a judgment of the United States pursuant to 18 U.S.C. §§ 3664 and 3613. At the request of any payee named in this Order, the Clerk of Court shall issue an abstract of judgment certifying that a judgment has been entered in favor of such payee in the amount specified above. Likewise, at the request of the Special Master, the Clerk of Court shall issue an abstract of judgment certifying that a judgment has been entered in favor of the Special Master in the aggregate amount of restitution imposed by this Order.

This Order is subject to amendment by the Court sua sponte or upon application by any interested party, including the Special Master. The Court retains jurisdiction over all matters covered by, or related to, this Order.

The restitution ordered herein shall be due and payable immediately.

SO ORDERED.

Signed: _____, 2026

Max O. Cogburn Jr.
United States District Judge

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION**

UNITED STATES OF AMERICA,

Plaintiff,

v.

GREG E. LINDBERG,

Defendant.

Case No. 3:23-CR-48-MOC

APPENDIX 1 TO REPORT AND RECOMMENDATIONS REGARDING RESTITUTION

SPECIAL MASTER’S SUMMARY OF INDICTMENT

The Indictment¹ more specifically describes the scheme as summarized immediately below.

- Defendant acquired various insurance-related businesses, including the North Carolina Insurance Companies and Bermuda Insurance Companies. *See id.* at 5–6 (¶¶ 15–16).
- In one instance, Defendant, after acquiring CBL through SNIC, caused SNIC to sell CBL to another entity of Defendant’s called Southland National Holdings (“SNH”), regarding which transaction Defendant made various misrepresentations to the North Carolina Department of Insurance (“NCDOI”). *See id.* at 9 (¶¶ 36–37).
 - Instead of SNH generating its own funds to independently purchase CBL from SNIC, SNIC and CBL (*i.e.*, the seller and the entity to be acquired) funneled the purchase funds to SNH to then turn around and give back to SNIC in a circular fashion, with the pertinent funds passing through a variety of Defendant’s other companies to mask the true nature of this flow of funds. *See id.* at 9–10 (¶¶ 38–43).
 - Defendant then misrepresented in SNH’s books and other writings to the NCDOI that Defendant independently infused the cash necessary for SNH to purchase CBL from SNIC using Defendant’s own personal funds. *See id.* at 11 (¶¶ 46–47).

¹ Capitalized terms not otherwise defined herein shall have the meanings prescribed thereto in the Special Master’s *Report and Recommendations Regarding Restitution* filed contemporaneously herewith.

- Defendant otherwise caused the books and records provided to the NCDOI for SNIC and CBL to contain materially false statements about the true nature of this transaction. *See id.* at 11–12 (¶¶ 48–50).
- After the NCDOI raised concerns about the extent to which Defendant used insurance company funds to invest in companies affiliated with Defendant, Defendant devised various alternative investment structures designed to give the investments the appearance of “disaffiliation”—and misrepresented to regulators that the investments would be “investment grade” and/or liquid with “unaffiliated” companies (among other misrepresentations)—when, in reality, Defendant remained in control of the various companies being invested in by the insurance companies. *See id.* at 12–16 (¶¶ 51–69), 19–20, (¶¶ 82–86), 30–33 (¶¶ 129–139, 141–146).
- Defendant did not only create substantial risk to the insurance companies by investing too high of a percentage of the insurance companies’ assets into illiquid loans to companies affiliated with Defendant, Defendant also then took the scheme a step further by finding ways to fraudulently extract funds originating with the insurance companies for his own personal benefit.
 - One such tactic was to “skim” money by having one of Defendant’s entities purchase a previously issued loan from an insurance company to another of Defendant’s entities at a discount and then sell that loan to yet another one of Defendant’s entities at “par” or full value, with that purchase being financed with yet another new loan from an insurance company. *See id.* at 16–18 (¶¶ 70–79). Defendant then used the difference between the discounted initial purchase price and the full purchase price of the subsequent transaction to fund Defendant’s lavish lifestyle. *See id.* at 18–19 (¶¶ 80–81).
 - Another tactic for extracting money was to transfer funds out from affiliated companies (and inconsistently refer to these transfers as loans or dividends, depending on the context of the pertinent representation), and then cause the applicable lending entities to later forgive what had previously been reported as a loan. *See id.* at 33–34 (¶¶ 147–149).
- Another part of the scheme involved Defendant’s acquisition of PBLA, which agreed to manage hundreds of millions of dollars of ULICO’s policyholder reserves pursuant to reinsurance agreements imposing strict investment guidelines. *See id.* at 20–21 (¶¶ 87–89).
 - Immediately upon gaining access to a trust established in furtherance of these purposes, Defendant breached the investment guidelines by loaning to various of Defendant’s affiliated companies and otherwise extracting funds for Defendant’s benefit. *See id.* at 21 (¶ 90).

- Defendant then artificially overstated PBLA’s capital and asset positions to PBLA’s regulators, ULICO, and others through a series of “Sale and Repurchase Agreements” (also known as “repos”) whereby:
 - PBLA would agree to purchase assets from Defendant’s entities;
 - the selling entity would agree to buy the same assets back from PBLA in 364 days or less;
 - the cash for the purchase would originate from one or more overseas entities owned by Defendant, which would move money into a PBLA bank account;
 - once those funds cleared into a PBLA bank account, PBLA would immediately remit those funds to the seller under the “repo” agreement;
 - as soon as the funds hit the seller’s account, Defendant would cause the seller to immediately send those funds to Defendant’s holding company;
 - Defendant’s holding company would then immediately thereafter transfer to the funds back to the originating overseas entity(ies) as compensation for purported advisory services.

The effect of these series of transactions was to inflate PBLA’s balance sheet even though the net effect of transactions left PBLA in no better of a financial position. *See id.* at 21–24 (¶¶ 91–103).

- Similarly, Defendant, through PBLA, caused the ULICO trust to send funds to certain of Defendant’s affiliated companies that had no other assets in exchange for those asset-less companies’ promises to repay the money within 90 days. *See id.* at 27 (¶¶ 115–119). Defendant then engaged in a series of rapid and convoluted transfers that enabled Defendant to “skim” some of the money, which was then used to fund Defendant’s lavish lifestyle. *See id.* at 28–29 (¶¶ 120–125). Although the repurchases were supposed to occur on short timelines, Defendant’s affiliated companies did not honor those repurchase terms, and Defendant repeatedly caused the time periods to be “renewed” or “rolled over.” *See id.* at 29 (¶ 126).
- Even though Defendant continued to roll over these repurchase agreements, Defendant falsely reported these contracts as “cash equivalents” to ULICO and regulators, among other false or misleading statements. *See id.* at 29–30 (¶¶ 127–128), 32 (¶ 140), 35–39 (¶¶ 159–179).
- Furthermore, Defendant freely shuffled assets among his empire of entities to artificially inflate the credit ratings of any given affiliated entity without such shuffling having any true commercial purpose (other than to manipulate credit ratings) and without regard to how each individual entity’s stakeholders might be impaired by the transactions. *See id.* at 34–35 (¶¶ 150–158).

All of the North Carolina Insurance Companies and all of the Bermuda Insurance Companies ended up in government-supervised rehabilitation and/or liquidation proceedings as a direct and proximate result of Defendant's investing activities.

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION**

UNITED STATES OF AMERICA,

Plaintiff,

v.

GREG E. LINDBERG,

Defendant.

Case No. 3:23-CR-48-MOC

APPENDIX 2 TO REPORT AND RECOMMENDATIONS REGARDING RESTITUTION

ADDITIONAL DETAIL ON POSSIBLE VICTIMS

A. Pre-Designated Restitution Parties

In addition to the government and Defendant having already agreed to the Pre-Designated Restitution Parties qualifying as persons due restitution in this Case, the Pre-Designated Restitution Parties meet the Special Master’s Definition.

1. THE NORTH CAROLINA INSURANCE COMPANIES

The Pre-Designated Restitution Parties in this Case include a group of North Carolina domiciled insurance companies (defined above as the North Carolina Insurance Companies) that were acquired and controlled by Defendant between approximately 2014 and 2017 and subsequently placed into receivership by the North Carolina Commissioner of Insurance (the “NCCOI”). Each company was re-domesticated to North Carolina and operated as a subsidiary of GBIG Capital LLC (NC) (“GBIG”), an entity owned and controlled by Defendant. On June 27, 2019, the Wake County Superior Court (“Wake County Court”) issued Orders of Rehabilitation against the North Carolina Insurance Companies, appointing the NCCOI as Rehabilitator (“Rehabilitation Order”). SNIC, BLIC, and CBL were subsequently placed into liquidation. As set forth in detail below, the North Carolina Insurance Companies, their policyholders, and

creditors suffered substantial financial harm as a direct result of Lindberg's criminal conduct. Even though these entities are in liquidation, Defendant remains their ultimate beneficial owner.¹

a. SNIC

Formation and Acquisition. SNIC is a North Carolina domiciled life, accident, and health insurance company formerly engaged in the issuance of life insurance and accident and health policies, including policies held in trust for funeral homes and cemeteries in Alabama, Mississippi, and Tennessee. SNIC is a direct subsidiary of GBIG Holdings LLC (DE) ("GBIG Holdings"), a subsidiary of GBIG. SNIC was originally formed in 1950 in Alabama as a mutual aid association and later incorporated under the name "Southland National Insurance Company." In 2014, Defendant caused SNH, a holding company he owned, to acquire SNIC. Following the acquisition, Defendant caused SNIC to redomesticate from Alabama to North Carolina. SNIC was subsequently integrated as a subsidiary of GBIG Holdings.

Financial Distress. Following its acquisition, Lindberg directed SNIC's investment portfolio away from conservative publicly traded securities and into illiquid affiliated loans to Defendant-controlled companies (each an "Affiliate Investment" and, collectively, "Affiliate Investments"). Affiliate Investment concentration increased significantly with SNIC's investment portfolio consisting of \$205 million² in Affiliate Investments (61%³ of total assets) at June 30, 2019 (*i.e.*, immediately following execution of the IALA, defined below).

¹ On information and belief, Defendant's interests in the insurance companies may be subject to divestiture on account of Defendant having pled guilty in this Case. In any event, there are no other ultimate beneficial owners of the insurance companies besides Defendant.

² North Carolina Commissioner of Insurance as Rehabilitator, Quarterly Report of Southland National Insurance Corporation, Wake County Court Case No. 19CVS8664-910 (Aug. 16, 2019), Exhibit A, p. 10.

³ *Id.* at Exhibit A, p. 3.

Beginning in May 2021, while still in rehabilitation, GBIG Holdings agreed to fund SNIC's monthly negative cash flows as a condition of forestalling liquidation. GBIG Holdings subsequently failed to make required monthly payments and failed to replenish the associated escrow account. On March 10, 2023, the NCCOI filed a Motion for Entry of Order of Liquidation as to SNIC. On May 2, 2023, the Wake County Court entered the Order of Liquidation finding SNIC insolvent. GBIG Holdings appealed but withdrew its appeal on July 12, 2024.

Upon effectiveness of the Liquidation Order, statutory benefits for SNIC's policyholders were triggered across the applicable state (and District of Columbia) guaranty associations (the "Guaranty Associations"), as coordinated by the National Organization of Life and Health Insurance Guaranty Associations ("NOLHGA"). SNIC's policyholders have been subject to a moratorium on policy surrenders and other payments since June 27, 2019, restricting access to their funds for nearly seven years.

Current Administration. SNIC is currently under the control of the NCCOI as Court-appointed Liquidator, operating under the general supervision of the Wake County Court.

Financial Condition at September 30, 2023⁴: As there are multiple victims identified in the Indictment and as SNIC is being liquidated by the NCCOI, assessing SNIC's economic circumstances informs the Special Master's restitution analysis, as permitted by 18 U.S.C. § 3664(i). SNIC reported ~84,000 policyholders and a financial position as of September 30, 2023 consisting of:

⁴ September 2023 Quarterly Report, Exhibit A (Southland National Insurance Corporation), Background and Liquidity Sections.

Summary Balance Sheet	Amount
Cash and Investments	\$39,576,948
Other Assets	\$3,688
Total Admitted Assets (excluding non-admitted affiliated investments)	\$39,580,636
Claims Against the Estate — Policyholders	\$41,000
Claims Against the Estate — Guaranty Associations	\$131,363,363
Claims Against the Estate — NC Mutual Life Ins. Co.	\$49,331,149
Other Liabilities and Creditor Claims	\$2,303,238
Total Liabilities	\$183,038,750
Excess of Liabilities over Assets (Deficit)	\$(143,458,114)

Overall, SNIC’s liabilities exceed its total admitted assets⁵ by approximately \$144 million. Importantly, by operation of state law (and the laws of the District of Columbia), the Guaranty Associations from each jurisdiction where SNIC was licensed provided statutory benefits to policyholders and beneficiaries in the aggregate amount of approximately \$131 million, thereby substituting Guaranty Association claims on SNIC’s balance sheet for policyholder claims.⁶ Additionally, SNIC reported a liability totaling \$49 million representing unpaid obligations owed to North Carolina Mutual Life Insurance Company as a direct beneficiary of a reinsurance trust established to secure SNIC’s obligations under a Reinsurance and Administration Agreement.

Affiliated Securities. For statutory reporting purposes, non-admitted assets are excluded from an insurer’s balance sheet. SNIC’s non-admitted assets consisted primarily of Affiliate Investments with a carrying value of approximately \$126 million⁷ as of September 30, 2023.

⁵ “Admitted assets” are specific assets allowed by state insurance laws and the NAIC to be included in an insurance company’s annual financial statements to measure solvency. They are highly liquid, easily convertible to cash, and used to cover liabilities, ensuring policyholder protection. Non-liquid assets are generally excluded from the balance sheet because they cannot be easily liquidated to pay claims.

⁶ There were a relatively *de minimis* amount (\$41,000 worth) of SNIC policyholder claims that were not entitled to benefits from the Guaranty Associations. These policyholder claims were satisfied when the Special Master made payments at the end of 2025 in accordance with the CWG compromise. *See Order* granting consent motion to approve distribution of CWG sale proceeds (Doc. No. 68).

⁷ September 2023 Quarterly Report, Exhibit A (Southland National Insurance Corporation), p. 45.

Pursuant to statutory accounting principles, these investments were assigned a value of zero and are therefore excluded from the balance sheet presented above.

Nature of the Fraud Executed Against SNIC. The conduct underlying SNIC's insolvency is the subject of the Indictment. As summarized in Appendix 1, the Indictment alleges a multi-layered scheme sustained over several years, including the systematic extraction of policyholder funds into Defendant-controlled entities, the false reporting of affiliated investments as unaffiliated in SNIC's statutory financial statements, and other activities described therein.

b. BLIC

Formation and Acquisition. BLIC is a North Carolina domiciled stock life insurance company previously engaged in the issuance of annuity contracts. BLIC is a subsidiary of GBIG Holdings. BLIC was originally incorporated on May 9, 1973 under the laws of the State of Florida as a stock life insurance company. In December 2016, Defendant acquired BLIC and caused BLIC to redomesticate from Florida to North Carolina. BLIC was subsequently integrated as a subsidiary of GBIG Holdings, placing it under the same management infrastructure and investment direction as CBL and SNIC.

Financial Distress. Following its acquisition, Defendant directed BLIC's investment portfolio away from conservative, publicly traded securities and into illiquid affiliated loans to Affiliate Investments. Affiliate Investment concentration increased with BLIC's investment portfolio consisting primarily of \$70 million⁸ in Affiliate Investments (18%⁹ of total assets) at June 30, 2019 (*i.e.*, immediately following execution of the IALA, defined below).

⁸ North Carolina Commissioner of Insurance as Rehabilitator, Quarterly Report of Bankers Life Insurance Company, Case No. 19CVS8664-910 (Wake County Superior Court, Aug. 16, 2019), Exhibit C, p. 9.

⁹ *Id.* at Exhibit C, p. 2.

On June 27, 2019, the Wake County Court issued an Order of Rehabilitation against BLIC and appointed the NCCOI as Rehabilitator. Simultaneously, the Court issued a moratorium on policy surrenders and other policyholder payments.

On December 30, 2022, following the NCCOI's petition for liquidation and an evidentiary hearing, the Wake County Court entered an Order of Liquidation finding BLIC insolvent. GBIG Holdings appealed, but following affirmance by the North Carolina Court of Appeals, the Liquidation Order became effective on November 30, 2024.

Upon the effectiveness of the Liquidation Order, statutory benefits for BLIC's policyholders were triggered across all Guaranty Associations, as coordinated through NOLHGA. BLIC's policyholders have been subject to a moratorium on policy surrenders and other payments since June 27, 2019, restricting access to their funds for nearly seven years.

Current Administration. BLIC is currently under the control of the NCCOI in his capacity as Court-appointed Liquidator, operating under the general supervision of the Wake County Court.

Financial Condition at December 31, 2024¹⁰. As there are multiple victims identified in the Indictment and as BLIC is being liquidated by the NCCOI, assessing BLIC's economic circumstances informs the Special Master's restitution analysis, as permitted by 18 U.S.C. § 3664(i). BLIC reported 8,313 policyholders and a financial position as of December 31, 2024 consisting of:

¹⁰ December 2024 Quarterly Report, Exhibit C (Bankers Life Insurance Company), Background and Liquidity Sections.

Summary Balance Sheet	Amount
Cash and Investments	\$242,101,619
Other Assets	\$4,249,683
Total Admitted Assets (excluding non-admitted affiliated investments)	\$246,351,302
Claims Against the Estate — Policyholders	\$34,938,003
Claims Against the Estate — Guaranty Associations	\$447,888,444
Claims Against the Estate — GA Administrative Expense	\$2,600,000
Other Liabilities and Creditor Claims	\$564,799
Total Liabilities	\$485,991,247
Excess of Liabilities over Assets (Deficit)	\$(239,639,945)

Overall, BLIC’s liabilities exceed its total admitted assets¹¹ by approximately \$240 million. Importantly, by operation of state law (and the laws of the District of Columbia), the Guaranty Associations from each jurisdiction where BLIC was licensed provided statutory benefits to policyholders and beneficiaries in the aggregate amount of approximately \$448 million, thereby substituting Guaranty Association claims on BLIC’s balance sheet for policyholder claims. In addition, approximately \$35 million in BLIC policyholder claims were not entitled to statutory benefits from the Guaranty Associations. These policyholder claims were satisfied when the Special Master made payments at the end of 2025 in accordance with the CWG compromise.¹²

Affiliated Securities. For statutory reporting purposes, non-admitted assets are excluded from an insurer’s balance sheet. BLIC’s non-admitted assets consisted primarily of Affiliate Investments with a carrying value of approximately \$48 million¹³ as of December 31, 2024. Pursuant to statutory accounting principles, these investments were assigned a value of zero and are therefore excluded from the balance sheet presented above.

¹¹ “Admitted assets” are specific assets allowed by state insurance laws and the NAIC to be included in an insurance company’s annual financial statements to measure solvency. They are highly liquid, easily convertible to cash, and used to cover liabilities, ensuring policyholder protection. Non-liquid assets are generally excluded from the balance sheet because they cannot be easily liquidated to pay claims.

¹² See Order granting consent motion to approve distribution of CWG sale proceeds (Doc. No. 68).

¹³ September 2023 Quarterly Report, Exhibit C (Bankers Life Insurance Company), Exhibit C, p. 40.

Nature of the Fraud Executed Against BLIC. The conduct underlying BLIC's insolvency is the subject of the Indictment. As summarized in Appendix 1, the Indictment alleges a multi-layered scheme sustained over several years, including the systematic extraction of policyholder funds into Defendant-controlled entities, the false reporting of affiliated investments as unaffiliated in BLIC's statutory financial statements, and other activities described therein.

c. CBL

Formation and Acquisition. CBL is a North Carolina domiciled stock life insurance company licensed to write life insurance, annuities, accident, and health insurance products across multiple states. Its primary business line was the issuance of annuity contracts. CBL is a subsidiary of GBIG Holdings. CBL was originally incorporated on May 28, 1974 under the laws of the State of Colorado as a stock life insurance company. In November 2015, Defendant caused SNIC, another insurance company he controlled, to acquire CBL for \$60 million. CBL redomesticated from Colorado to North Carolina and was subsequently spun off from SNIC to SNH.

Financial Distress. Following acquisition, Defendant systematically redirected CBL's policyholder funds into Affiliate Investments depriving CBL of liquid assets needed to meet policyholder obligations. Affiliate Investment concentration increased significantly with SNIC's investment portfolio consisting of \$1.1 billion in Affiliate Investments, representing approximately 43% of CBL's total assets by June 30, 2019 (*i.e.*, immediately following execution of the IALA, defined below).

On June 27, 2019, the Wake County Court issued an Order of Rehabilitation against CBL and appointed the NCCOI as Rehabilitator. Simultaneously, the Court issued a moratorium on policy surrenders and other policyholder payments.

On December 30, 2022, following the NCCOI's petition for liquidation and an evidentiary hearing, the Wake County Court entered an Order of Liquidation finding CBL insolvent. GBIG

Holdings appealed, but following affirmance by the North Carolina Court of Appeals, the Liquidation Order became effective on November 30, 2024.

Upon the effectiveness of the Liquidation Order, statutory benefits for CBL's policyholders were triggered across all Guaranty Associations, as coordinated through NOLHGA. On March 4, 2025, the Special Deputy Liquidator, on behalf of CBL, executed a Fixed Claim Agreement with NOLHGA, formally fixing policyholder claims as of the November 30, 2024 Liquidation Order date and establishing the framework for pro rata distributions to covered and uncovered policyholders. CBL's policyholders have been subject to a moratorium on policy surrenders and other payments since June 27, 2019, restricting access to their funds for nearly seven years.

Current Administration. CBL is currently under the control of the North Carolina Commissioner of Insurance in his capacity as Court-appointed Liquidator, operating under the general supervision of the Wake County Superior Court.

Financial Condition at December 31, 2024.¹⁴ As there are multiple victims identified in the Indictment and as CBL is being liquidated by the NCCOI, assessing CBL's economic circumstances informs the Special Master's restitution analysis, as permitted by 18 U.S.C. § 3664(i). CBL reported 122,485 policyholders and a financial position as of December 31, 2024 consisting of:

¹⁴ December 2024 Quarterly Report, Exhibit D (Colorado Bankers Life Insurance Company), Background and Liquidity Sections.

Summary Balance Sheet	Amount
Cash and Investments	\$550,306,995
Other Assets	\$24,464,822
Total Admitted Assets (excluding non-admitted affiliated investments¹⁵)	\$574,771,817
Claims Against the Estate — Policyholders	\$118,772,730
Claims Against the Estate — Guaranty Associations	\$1,270,591,872
Claims Against the Estate — GA Administrative Expense	\$7,400,000
Other Liabilities and Creditor Claims	\$195,887,742
Total Liabilities	\$1,592,644,344
Excess of Liabilities over Assets (Deficit)	\$(1,017,872,527)

Overall, CBL’s liabilities exceed its total admitted assets¹⁶ by approximately \$1.0 billion. Importantly, by operation of state law (and the laws of the District of Columbia), the Guaranty Associations from each jurisdiction where CBL was licensed provided statutory benefits to policyholders and beneficiaries in the aggregate amount of approximately \$1.3 billion, thereby substituting Guaranty Association claims on SNIC’s balance sheet for policyholder claims. In addition, approximately \$119 million in CBL policyholder claims were not entitled to statutory benefits from the Guaranty Associations. These policyholder claims were satisfied when the Special Master made payments at the end of 2025 in accordance with the CWG compromise.¹⁷

Affiliated Securities. In addition to the admitted assets reported above, CBL reported a carrying value of \$892 million in Affiliate Investments at December 31, 2024. Pursuant to statutory accounting principles, these investments were assigned a value of zero and are therefore excluded from the balance sheet presented above.

Nature of the Fraud Executed Against CBL. The conduct underlying CBL’s insolvency is the subject of the Indictment. As summarized in Appendix 1, the Indictment alleges a multi-layered

¹⁶ “Admitted assets” are specific assets allowed by state insurance laws and the NAIC to be included in an insurance company's annual financial statements to measure solvency. They are highly liquid, easily convertible to cash, and used to cover liabilities, ensuring policyholder protection. Non-liquid assets are generally excluded from the balance sheet because they cannot be easily liquidated to pay claims.

¹⁷ *See Order* granting consent motion to approve distribution of CWG sale proceeds (Doc. No. 68).

scheme sustained over several years, including the systematic extraction of policyholder funds into Defendant-controlled entities, the false reporting of affiliated investments as unaffiliated in CBL's statutory financial statements, and other activities described therein.

d. SNRC

Although SNRC is postured somewhat similarly to the other North Carolina Insurance Companies in terms of history, corporate ownership structure, and being subject to a rehabilitation order, SNRC does not appear to be a person truly due restitution in this Case. SNRC had no Affiliate Investments on its balance sheet immediately prior to the rehabilitation order, nor did (or does) SNRC have any policyholder liabilities. Accordingly, the Special Master believes SNRC is either: (i) not a restitution payee in this Case; or (ii) a restitution payee with \$0.00 in restitution losses.

2. THE BERMUDA INSURANCE COMPANIES

The Pre-Designated Restitution Parties in this Case include the Bermuda Insurance Companies that were acquired and controlled by Defendant between approximately 2017 and 2018. The Bermuda Insurance Companies were issued “Windup Orders” by the Supreme Court of Bermuda.¹⁸ Defendant remains the ultimate beneficial owner of the Bermuda Insurance Companies.

a. Omnia and PBIHL

Omnia and PBIHL are Bermuda entities acquired by Defendant in June 2017 in a single transaction from Beechwood, LLC (“Beechwood”), an entity linked to the Platinum Partners (“Platinum”) receivership. The two entities share substantially overlapping facts relating to their

¹⁸ In the Matter of Northstar Financial Services (Bermuda) Ltd., No. 2020-304 (Sup. Ct. Bermuda Mar. 26, 2021); In the Matter of Omnia Ltd., No. 2020-305 (Sup. Ct. Bermuda Mar. 26, 2021); In the Matter of PB Investment Holdings Ltd., No. 2020-441 (Sup. Ct. Bermuda Apr. 9, 2021); In the Matter of PB Life and Annuity Co., Ltd., No. 2020-306 (Sup. Ct. Bermuda Feb. 17, 2023) (Winding-Up Orders).

acquisition, the fraud perpetrated against them, and their subsequent liquidation proceedings. They are addressed together in this section.

Omnia was registered as a long-term Class E insurer under The Insurance Act 1978 of Bermuda. Omnia was incorporated in May 2000 as Sage Life (Bermuda) Ltd and primarily sold variable and fixed annuity contracts. Effective March 2009, Omnia went into run-off and discontinued writing new business. Omnia is owned by PBX Bermuda Holdings, Ltd. (“PBX Bermuda”), a subsidiary of PBX Holdings, LLC, a North Carolina entity wholly owned by Defendant.

PBIHL is an investment company formed under the laws of Bermuda. Historically, PBIHL sold fixed and variable contracts. PBIHL was placed into receivership in late 2016 and has been in run-off since its acquisition by Defendant. PBIHL is owned by BMX Bermuda Holdings Ltd. (“BMX Bermuda”), a subsidiary of BMX Holdings, LLC, a North Carolina entity wholly owned by the Defendant.

Formation and Acquisition. According to a complaint the Bermuda Insurance Companies filed in an adversary proceeding pending before the U.S. Bankruptcy Court for the Southern District of New York, Omnia and PBIHL were acquired together by PBX Bermuda for \$1.00 each for the purpose of exploiting these entities in the same manner as Northstar (described below), which included the stripping of liquid assets for the benefit of other Defendant affiliates.¹⁹ The Amended Complaint further alleges that Defendant and others stripped value from Omnia and PBIHL that exceeded the \$1.00 price paid.²⁰

¹⁹ Second Amended and Restated Complaint, In re Private Bankers Life and Annuity Co., Ltd., et al., Adv. Pro. No. 23-01000-lgb, Doc. 257 (Bankr. S.D.N.Y. Feb. 14, 2024) [hereinafter the “Amended Complaint”] at ¶¶ 1448, 1450, 1465–66.

²⁰ *Id.* at ¶¶ 1450, 1471.

Financial Distress. The Amended Complaint alleges that, three months prior to their acquisition, Defendant knew that the asset values of Omnia and PBHIL were inflated, other than cash and liquid assets.²¹ As a result, the value of assets available to satisfy policyholder liabilities at the time of acquisition was uncertain and potentially compromised. The central arguments supporting this assertion contend that Omnia and PBIHL held \$6.2 million and \$21.2 million, respectively, in liquid capital (cash and bonds)²²; however, the entities further held approximately \$80.9 million of combined investments in AGH Parent, LLC (“AGH”), the parent company of Agera Energy LLC (“Agera Energy”), an entity affiliated with Defendant. Per the Amended Complaint, Defendant himself characterized Agera Energy, the primary asset of AGH, as a “penny stock oil and gas exploration play that has massive losses and no cash.”²³ This view was further validated by Agera Energy’s subsequent Chapter 11 bankruptcy filing in October 2019.

Omnia. According to the Bermuda Insurance Companies: in August 2018, an ordinary cash surrender payment rendered Omnia unable to meet ongoing policyholder obligations; as of September 2018, Omnia had \$2.2 million in cash assets; however, by October 2018, its cash position declined to \$188,000; apart from the investments in Defendant-affiliated assets, Omnia held no other liquid assets which would have been available to meet fixed policyholder surrenders; and as a result, Omnia lacked the liquidity to pay policyholders in the normal course of business as obligations arose. In November 2018, Omnia lacked the liquidity to

²¹ *Id.* at ¶1451.

²² *Id.* at ¶1445.

²³ *Id.* at ¶1451.

make a \$900,000 cash surrender payment to a policyholder.²⁴ By March 2019, Omnia’s cash had declined to \$8,000, rendering payments impossible.²⁵

PBIHL. According to the Bermuda Insurance Companies: between June 2017 (acquisition) and December 2018, PBIHL’s available cash positions decreased from \$12 million to \$1 million; during this time, Defendant liquidated PBIHL’s treasury bonds and other corporate bonds, reducing PBIHL’s stable, liquid assets from \$9 million to \$144,000; as of April 2018, PBIHL was unable to pay its obligations as they became due and was only able to continue operations because its affiliate Northstar began paying its bills.²⁶ By December 2018, PBIHL was balance sheet insolvent, with a debt-to-equity ratio of negative 3.76.²⁷ Again according to the Bermuda Insurance Companies: although Defendant determined that PBIHL needed a capital injection of \$44 million, there is no evidence that any capital was contributed; in May 2019, PBIHL failed to pay a \$1.2 million surrender payment and by June 2019, it was unable to pay pending surrender payments totaling \$2.9 million; and in January 2021, PBIHL was placed into provisional liquidation following the failure to make a \$357,000 intercompany debt owed to Northstar.

Liquidation & Administration. The Bermuda Monetary Authority (“BMA”) presented a winding-up petition in September 2020 and December 2020, respectively, for Omnia and PBIHL. Rachelle Frisby and John Johnston of Deloitte Ltd. were appointed to continue as joint and several provisional liquidators (“JPLs”). In March 2021 and April 2021, the Supreme Court of Bermuda

²⁴ Restated, Amended Complaint at ¶1564–1567.

²⁵ *Id.* at ¶1567.

²⁶ *Id.* at ¶1525.

²⁷ *Id.* at ¶1526.

issued Winding-Up Orders for Omnia and PBIHL, respectively. Joint administration was granted to adjoin proceedings among all of the Bermuda Insurance Companies in May 2021.²⁸

Omnia – Financial Condition at September 24, 2021. As there are multiple victims identified in the Indictment and as Omnia and PBIHL are being liquidated, assessing each entity’s economic circumstances informs the Special Master’s restitution analysis, as permitted by 18 U.S.C. § 3664(i). Omnia reported a financial position as of September 24, 2021 consisting of:

Summary Balance Sheet	September 24, 2021
Cash – Unrestricted	\$1,943,434
Cash – Restricted	\$17,702,453
Investments	Nil or unknown
Separate Asset Accounts	\$128,608,796
Other	\$4,405,970
Total Assets	\$152,660,655
Fixed Product Future Policy Benefit Reserve	\$36,517,510
Separate Liability Accounts	\$128,608,796
Current Outstanding Surrenders	\$22,793,270
Intercompany & Other	\$3,704,770
Total Liabilities	\$191,624,346
Excess of Liabilities over Assets (Deficit)	\$(38,963,691)

Overall, Omnia’s liabilities at the time of winding-up exceeded its total admitted assets²⁹ by approximately \$39 million. Omnia’s variable policyholders were protected through segregated accounts totaling approximately \$129 million; however, fixed policyholder claims are limited to a remaining investment portfolio heavily concentrated in AGH and Agera Energy investments.

²⁸ Restated Amended Complaint at ¶66.

²⁹ The assets generally disclosed in the above balance sheet would be characterized as “admitted assets” under the phrasing used by the North Carolina Insurance Companies. The “Investments” refer to the affiliated investments that would not appear on the North Carolina Insurance Companies’ balance sheets as “non-admitted” assets.

As illustrated below, at December 31, 2018, AGH and Agera Energy³⁰ concentrations totaled approximately \$39 million, or 84%, of the approximate \$46 million of non-separate asset investments³¹:

Investment Detail	December 31, 2018
AGH Parent LLC Class C Contribution	\$15,882,097
AGH Parent LLC BI Preferred BOLN Agera Contribution	\$2,265,925
AGH Parent LLC - BOLN Agera Secured TN (B-1}	\$20,320,280
Other & Accrued Investment Income	\$7,409,849
Subtotal – Non-Separate Asset Investments	\$45,878,151
Separate Asset Accounts	\$229,809,535
Other	\$611,338
Total Assets	\$283,235,731

PBIHL – Financial Condition. Per the PBIHL First Progress Report, turnover of relevant books and records did not occur following the July 2021 motion to compel. Although the financial information provided to the Special Master for PBIHL is less detailed than that for Omnia, the Bermuda Insurance Companies provided spreadsheets to the Special Master representing that, as of December 31, 2024, PBIHL had balance sheet assets totaling approximately \$6 million, policyholder liabilities totaling \$42 million, and other liabilities totaling \$3 million.

Nature of the Fraud Executed Against Omnia and PBIHL The conduct underlying Omnia and PBIHL’s wind-down is the same fraud outlined in the Indictment. As summarized in Appendix 1, the Indictment alleges a multi-layered scheme sustained over several years, including the systematic extraction of policyholder funds into Defendant-controlled entities, the false reporting of affiliated investments as unaffiliated in Omnia’s and PBIHL’s financial statements, and other activities described therein.

³⁰ Agera Energy and AGH filed for Chapter 11 protection in October 2019.

³¹ Separate Asset Investments refer to moneys segregated and held for the variable policyholders. Non-separate Asset Investments refer to general non-segregated portfolio investments held for other policyholders.

b. Northstar

Formation and Acquisition. Northstar was incorporated in Bermuda in February 1998 under the name Nationwide Financial Services (Bermuda) Ltd. pursuant to the Nationwide Financial Services (Bermuda) Act 1998. Northstar changed its name in 2006 and amalgamated with MetLife Insurance Ltd. in 2007, assuming liability for MetLife's written insurance book.

Registered as a long-term Class C insurer under the Insurance Act 1978 and as a segregated accounts company under the Segregated Accounts Act 2000, Northstar administered a block of insurance and annuity products, including individual variable contracts, fixed-rate contracts, variable universal life, and universal life insurance policies. Northstar did not issue policies directly to policyholders; rather, it operated through a complex structure of trusts and sub-trusts, with the relevant trust serving as the contractual counterparty.

In July 2018, Lindberg acquired Northstar through BMX Bermuda.

Financial Distress. According to the Bermuda Insurance Companies: prior to its acquisition by BMX Bermuda, Northstar held over \$200 million in liquid securities issued by unaffiliated counterparties; following acquisition, these assets were systematically liquidated, and the proceeds redeployed into illiquid investments; by December 2018, \$198 million had been transferred into senior and junior loans and preferred equity in Lindberg-affiliated entities; and following Lindberg's initial conviction in March 2020, policyholders began lodging unpaid surrender requests with the BMA, and in September 2020 the BMA petitioned the Court to place Northstar into a wind-down process, which the Bermuda Supreme Court ordered.

Liquidation & Administration. The BMA presented a winding-up petition in September 2020 for Northstar. In March 2021, the Supreme Court of Bermuda issued Winding-Up Orders for Northstar. Rachelle Frisby and John Johnston of Deloitte Ltd. were appointed to continue as

JPLs. Joint administration was subsequently granted to adjoin proceedings among all of the Bermuda Insurance Companies in May 2021.³²

Financial Condition at September 25, 2020. As there are multiple victims identified in the Indictment and as Northstar is being liquidated, assessing Northstar’s economic circumstances informs the Special Master’s restitution analysis, as permitted by 18 U.S.C. § 3664(i). Northstar reported a financial position as of September 25, 2020 consisting of:

Summary Balance Sheet	September 25, 2020
Cash & Cash Equivalent	\$3,494,262
Investment in Affiliated Investments	\$1
Non-affiliated Investments	\$142,231,160
Intercompany Recharges	\$1
Total Assets	\$145,725,424
Fixed Active and Surrendered Contracts	248,099,183
Variable Active and Surrendered Contracts	104,923,170
General Active and Surrendered Contracts	53,840,716
General Creditors	465,750
Total Liabilities	\$407,328,819
Excess of Liabilities over Assets (Deficit)	\$(261,603,395)

Overall, Northstar’s liabilities at the time of winding-up exceeded its total admitted assets³³ by approximately \$262 million. Northstar’s variable policyholders were protected through segregated accounts totaling approximately \$105 million; however, fixed policyholder claims are limited to a remaining investment portfolio heavily concentrated in Affiliate Investments.

³² Restated Amended Complaint at ¶66.

³³ The assets generally disclosed in the above balance sheet would be characterized as “admitted assets” under the phrasing used by the North Carolina Insurance Companies. The “Investment in Affiliated Investments” refer to the affiliated investments that would not appear on the North Carolina Insurance Companies’ balance sheets as “non-admitted” assets.

As illustrated below, at September 25, 2020, Affiliate Investment concentrations totaled approximately \$234 million, or 57%, of the total approximately \$414 million of total assets:

Investment Detail	Book Value
Cash & Cash Equivalent	\$3,494,262
Investment in Affiliate Investments	\$234,424,629
Non-affiliated Investments	\$172,817,919
Intercompany Recharges	\$3,849,598
Total Assets	\$414,586,408
Fixed Active and Surrendered Contracts	248,099,183
Variable Active and Surrendered Contracts	104,923,170
General Active and Surrendered Contracts	53,840,716
General Creditors	465,750
Total Liabilities	\$407,328,819
Excess of Liabilities over Assets (Deficit)	\$7,257,589

Nature of the Fraud Executed Against Northstar. The conduct underlying Northstar’s wind-down is the same fraud outlined in the Indictment. As summarized in Appendix 1, the Indictment alleges a multi-layered scheme sustained over several years, including the systematic extraction of funds into Defendant-controlled entities, the false reporting of affiliated investments as unaffiliated in financial statements, and other activities described therein.

3. ULICO AND PBLA

ULICO is a life insurance company with its principal place of business in Puerto Rico. PBLA is a Bermuda-based life insurance and reinsurance company formed and controlled by Defendant. Defendant is the ultimate beneficial owner of PBLA. ULICO’s involvement with Defendant stems from the PBLA-ULICO Reinsurance Agreement.

Background. Reinsurance is a common and widely used risk management tool in the insurance industry, allowing insurers to transfer a portion of their policyholder obligations to a third party known as the reinsurer in exchange for a share of the associated premiums. In exchange for assuming responsibility for future claims, the reinsurer receives a corresponding share of the premiums and assumes control over the associated policyholder reserves, which are held in a

dedicated trust account. It is important to note that the reinsurer, and not the ceding insurer, bears responsibility for managing and investing those trust assets, subject to stipulated investment guidelines and regulatory requirements designed to protect policyholders.

In 2016, ULICO formally sought a new reinsurer due to difficulties with its prior reinsurer, including concerns about liquidity and asset concentration. In selecting a replacement, ULICO focused on finding an entity that would ensure compliance with Chapter 6 of the Puerto Rico Insurance Law (“Chapter 6”), which governs investments of insurance company assets and contains specific requirements concerning repurchase agreements and cash equivalents.

In 2017, Defendant began discussions with ULICO about one of its companies serving as a new reinsurer. According to the Bermuda Insurance Companies and ULICO, during those negotiations, Defendant represented to ULICO that Defendant possessed the expertise necessary to bring ULICO’s portfolio into Chapter 6 compliance and to improve the portfolio’s liquidity; to that end, Defendant presented ULICO with a specific plan to achieve Chapter 6 compliance by September 30, 2017; and relying on those representations, ULICO selected PBLA, a newly formed Bermuda company controlled by Defendant, as its new reinsurer.

In June 2017, ULICO and PBLA entered into the PBLA-ULICO Reinsurance Agreement. Under that agreement, ULICO ceded certain of its policyholder obligations to PBLA, who in turn established the ULICO 2017 Trust and the Comfort Trust Account (together, the “ULICO Trusts”). The ULICO Trusts were funded with approximately \$531 million³⁴ of assets and reserves. As the reinsurer, PBLA assumed investment management responsibility pursuant to the Reinsurance Agreement and its investment guidelines (the “Investment Guidelines”).

³⁴ Under the terms of the ULICO Trusts executed June 30, 2017, by and between ULICO (as beneficiary), PBLA (as grantor) and Wilmington Trust, National Association (as trustee), and the reinsurance trust agreement and comfort trust agreement executed on or about February 16, 2018, by and between ULICO (as beneficiary), PBLA (as grantor), and Bank of New York Mellon (as trustee).

Financial Distress. According to the allegations in the Amended Complaint, following the execution of the PBLA-ULICO Reinsurance Agreement and PBLA gaining access to the assets transferred to the ULICO 2017 Trust, Defendant began extracting money through a coordinated series of fraudulent transactions. These included: (i) causing the ULICO 2017 Trust to invest in Defendant-affiliated companies in violation of the Investment Guidelines; (ii) engineering sham repurchase agreements (“Repos”); and (iii) extracting funds that were then used, among other purposes, to make payments on outstanding loans owed to affiliated entities, and to finance Defendant’s personal expenses.

In January 2020, ULICO provided PBLA with written notice of PBLA’s material breach of the Reinsurance Agreement, alleging, among other violations, that the assets held in the ULICO Trusts were non-compliant with the Trust Agreements. Specifically, ULICO asserted that over sixty-five percent (65%) of the assets held in the ULICO Trusts consisted of loan obligations of PBLA’s affiliated entities, and that the interrelationship between those lenders and borrowers violated investment guidelines and Puerto Rico’s insurance law.

In January 2020, ULICO further initiated arbitration proceedings against PBLA. In May 2020, the arbitration panel held a hearing on ULICO’s motion for interim relief. In June 2020, the arbitration panel issued an award granting ULICO’s motion, requiring PBLA, among other things, to deposit \$524 million into a segregated bank account to secure its obligations under the Reinsurance Agreement and to satisfy any liabilities arising from ULICO’s policyholder obligations. PBLA failed to make that deposit, and the obligation remains outstanding.

Separately, in May 2022, the United States District Court for the Middle District of North Carolina entered a \$524 million judgment against Defendant³⁵ for the breach of his personal guarantee of PBLA's obligations. That judgment remains unsatisfied. ULICO has since pursued enforcement actions in both the Middle District of North Carolina and the Superior Court for Durham County, North Carolina. On information and belief, ULICO has not forcibly recovered any assets from Defendant through those enforcement actions. It is important to note that, unlike the North Carolina Insurance Companies or Bermuda Insurance Companies, ULICO is not in rehabilitation or liquidation. Rather, it has instead protected its policyholders by using other corporate assets to make over \$200 million in payments that should have been covered under the reinsurance that it obtained through PBLA.

The Bermuda Insurance Companies provided spreadsheets to the Special Master representing that, as of December 31, 2024, PBLA had balance sheet assets totaling approximately \$3 million, policyholder liabilities totaling \$520 million (*i.e.*, the obligation owed to ULICO), and other liabilities totaling \$3 million.

B. Other Insurance-Related Persons Seeking Restitution or Otherwise Relevant

In addition to the Pre-Designated Restitution Parties, other persons that claimed to have sustained damages as a result of Defendant's insurance business activities have contacted the Special Master, with some of those persons seeking to be paid from the funds administered by the Special Master in this Case.

1. VISTA AND USAP

The special duty rehabilitator of the Vista Life & Casualty Reinsurance Company's Protected Cell 1.16, n/k/a ViUS PC 2016-A IC, Inc. ("Cell 1.16") has asserted that Cell 1.16 is due

³⁵ See *Universal Life Insurance Co. v. Lindberg*, No. 1:20-CV-681 (M.D.N.C. May 3, 2022) [D.E. 122] (entering judgment against Lindberg for breach of personal guarantee of PBLA's reinsurance obligations to ULICO).

victim restitution in this Case in the amount of \$236 million as of December 31, 2025 based on principal (\$148 million) and accrued interest (\$88 million) due on Affiliate Investments. Relatedly, United Security Assurance Company of Pennsylvania (“USAP”) has asserted that it is due victim restitution in this Case in the amount of \$160 million arising out of reinsurance agreement between USAP and Vista Life & Casualty Reinsurance Company, f/k/a Alpha Re (U.S.) Inc. (“Vista”), which is the source of funds for the same Affiliate Investments Cell 1.16 seeks to recover on.

In March 2016, USAP entered into a reinsurance agreement whereby all of its then in force (*i.e.*, more than 7,000) long-term care insurance policies that were not otherwise reinsured were reinsured with Vista. As part of this reinsurance agreement, USAP sent \$160 million to Vista to be held in trust for the benefit of USAP.³⁶ Defendant, who indirectly owned a majority interest in Vista and had the ability to direct Vista’s investing activities, then used all or substantially all of these trust funds to fund Affiliate Investments.³⁷

Cell 1.16 and USAP satisfy almost all of the elements of the Special Master’s Definition. Where the Special Master believes Cell 1.16 and USAP fall short of qualifying for restitution in this Case is that neither Cell 1.16 nor USAP³⁸ have pointed to specific instances where Defendant misrepresented or concealed the nature of the Affiliate Investments. Therefore, absent such specific evidence of misrepresentation or fraudulent concealment concerning the Affiliate

³⁶ USAP asserts that of the initial 7,000+ policies, 6,345 remain in force as of December 2025, with a total corresponding outstanding liability of \$128 million.

³⁷ In December 2022, the Vermont Supreme Court placed Vista and Cell 1.16 under the supervision of the Commissioner of the Vermont Department of Financial Regulation, followed by formal rehabilitation in January 2024. In November 2025, Cell 1.16 was “spunoff” from Vista and remains under the control of a rehabilitator. According to USAP, it, too, will end up in rehabilitation and likely liquidation unless “full restitution” can be made to USAP through the sale of Defendant’s assets.

³⁸ USAP has alleged generally that Defendant committed to invest all \$160 million in “rated, investment quality instruments as mandated by National Association of Insurance Commissions (“NAIC”) guidance and by Vermont and Pennsylvania Insurance statute.” However, USAP has not, as of the filing of this Report, articulated the specific regulations or statutes breached or, more importantly, identified particular fraudulent statements designed to mask the true nature of the Affiliate Investments.

Investments to Vista, USAP, or the Vermont or Pennsylvania regulators, the Special Master recommends that neither Cell 1.16 nor USAP be awarded restitution in this Case.³⁹

2. CONSERVATRIX

Nederlandsche Algemeene Maatschappij Van Levensverzekering “Conservatrix” N.V. (“Conservatrix”) is a Dutch life insurance company with around 80,000 policyholders. By 2017, Conservatrix had been in financial trouble for some time, and its owner was unwilling to replenish its capital. The Dutch Central Bank (“DNB”), which supervises Dutch insurance companies, forced the sale of shares in Conservatrix. An entity ultimately owned and controlled by Defendant purchased those shares, promising to replenish shortfalls in Conservatrix’s capital position with “core equity contributions.” Defendant also agreed with DNB to a certain solvency capital ratio, agreed to limit the amount of Conservatrix’s portfolio that was to be reinsured, and agreed to cap the amount of Conservatrix’s assets that would be invested in companies affiliated with Defendant.

After purchasing Conservatrix, Defendant contributed approximately € 18.4 million to recapitalize Conservatrix, with the remaining recapitalization coming in the form of a reinsurance agreement with CBL, which included a € 100 million payment to CBL as part of the transaction.⁴⁰ Shortly thereafter, DNB informed Defendant that Conservatrix’s solvency capital ratio had fallen below the minimum threshold that Defendant had agreed to and, after Defendant failed to replenish the company’s capital as agreed, Conservatrix sought and obtained a judgment against Defendant

³⁹ Even if Vista, USAP, or Cell 1.16 do not receive restitution in this Case, those persons’ legal or equitable rights and remedies to pursue recovery of their civil damages from Defendant remain unaffected. For instance, Vista received a substantial distribution from the CWG sale proceeds administered by the Special Master earlier in this Case as a result of contractual rights and remedies guaranteeing that Vista receive a portion of such funds.

⁴⁰ Once in rehabilitation, CBL “disavowed” its reinsurance agreement with Conservatrix. CBL’s rehabilitator and Conservatrix later agreed to resolve the reinsurance agreement dispute through compromise, but the terms of such settlement agreement are not known to the Special Master. When the Special Master inquired as to the specifics of this resolution, Conservatrix was unable to provide details due to confidentiality provisions (even though the counterparty to that transaction is a court-supervised fiduciary in a public liquidation proceeding).

from the Dutch Arbitration Institute for failing to honor his agreements in an amount exceeding \$166 million.⁴¹ Conservatrix asserts that it is due an amount exceeding \$240 million as victim restitution in this Case, an amount derived from the purported additional harm to its policyholders that resulted from Defendant's failure to adequately capitalize (the already insolvent) Conservatrix after he purchased the insurance company.

The Special Master does not believe Conservatrix meets the Special Master's Definition in this Case for two reasons.⁴² First, although Conservatrix may have lost value as a result of Defendant's failure to pump enough new cash into Conservatrix (*i.e.*, Conservatrix's core theory of damages), Conservatrix did not lose value because of Defendant's self-serving investment activities, the crux of the harm outlined in the Indictment.⁴³ Second, although Defendant may have made misrepresentations to Conservatrix's regulator, those statements related to promises to contribute cash that were later reneged and did not relate to masking Defendant's affiliated investments or asset management strategies. In sum, Defendant's fraud (if any) on this Dutch company and its regulator was distinct from the insurance fraud outlined in the Indictment.

⁴¹ This Dutch judgment was confirmed by the Court of Appeal of the Hague on March 29, 2022, and again by the U.S. District Court for the Middle District of North Carolina on August 8, 2024.

⁴² Like Vista, USAP, or Cell 1.16, even if Conservatrix does not receive restitution in this Case, all of Conservatrix's legal or equitable rights and remedies to pursue recovery of its monetary judgment or other civil damages from Defendant remain unaffected.

⁴³ A case could be made that the € 100 million payment to CBL was an investing activity, such that the delta between that amount and the € 18.4 million Defendant infused into Conservatrix is a restitution loss. However, there does not appear to be any allegation that Defendant misrepresented to Conservatrix or its regulator(s) anything about the purpose and destination of that € 100 million payment. Furthermore, CBL went into court-supervised rehabilitation shortly thereafter, and the independent fiduciary administering CBL amicably resolved the matter with Conservatrix and no liability due to Conservatrix shows on CBL's balance sheet. Although the Special Master is not at liberty to see the corresponding settlement terms, it can be assumed that the liability has been resolved to Conservatrix's satisfaction.

3. NOLHGA AND THE GUARANTY ASSOCIATIONS

NOLHGA is a Virginia non-stock corporation whose membership comprises the state Guaranty Associations of all 50 states and the District of Columbia. NOLHGA coordinates the unified administration of the statutory benefits provided by its member Guaranty Associations, each of which is a statutory entity created under its respective state’s insurance laws to provide statutory benefits to policyholders and beneficiaries affected by insolvent insurance companies.

The Guaranty Associations’ statutory obligations arise from three separate liquidation events involving the North Carolina Insurance Companies. Upon the entry of each liquidation order, applicable Guaranty Associations obligations were triggered to provide statutory benefits for policyholders in accordance with their respective enabling acts. As coordinated through NOHLGA, the Guaranty Associations have provided statutory benefits including continued the administration of covered policies, policyholder coverage, and claim payments in these proceedings.

In fulfillment of its mission to coordinate a unified response to multi-state insurance insolvencies, NOLHGA executed Fixed Claim Agreements with the Special Deputy Liquidator of each applicable North Carolina Insurance Company, formally fixing all policyholder claims as of each respective liquidation order date and establishing the framework for pro rata class two distributions to covered and uncovered policyholders. The relevant triggering events and Fixed Claim Agreement dates are as follows:

Company	Liquidation Order Effective Date	Guaranty Associations Triggered
SNIC	May 2, 2023	18 states
CBL	November 30, 2024	50 states and D.C.
BLIC	November 30, 2024	50 states and D.C.

Total Policyholder Claims. As of July 31, 2025, the Guaranty Associations’ aggregate compensation paid or outstanding arising from the CBL, BLIC, and SNIC insolvencies is as follows (\$ in millions):

Item	Estates			
	CBL	BLIC	SNIC	Combined
Total Policyholders	122,485	8,313	72,483	203,281
Covered Policyholder Claims	\$1,279	\$448	\$132	\$1,859
Uncovered Policyholder Claims	\$120	\$35	<0.1	\$155
Total Policyholder Claims	\$1,399	\$483	\$132	\$2,014

The Guaranty Associations’ subrogated class two claims against the three applicable North Carolina Insurance Company liquidation estates, representing amounts already paid to or statutory benefits provided on behalf of policyholders, are reflected in each estate’s balance sheet as Claims Against the Estate. The total of these subrogated class two claim liabilities to NOLHGA totals \$1.9 billion (*i.e.*, \$1.3 billion for CBL, \$448 million for BLIC, and \$132 million for SNIC).

NOLHGA has represented to the Special Master that none of the Guaranty Associations are seeking restitution payments from the funds administered by the Special Master, but rather will be paid, together with the North Carolina Insurance Companies’ other creditors, as provided by applicable state insurance liquidation statutes, rules, and regulations.

4. INDIVIDUAL POLICYHOLDERS

Although less directly than the insurance companies themselves, the individual policyholders—whose contracts were breached as a result of Defendant’s looting of the applicable insurer’s cash reserves—were certainly injured by the scheme described in the Indictment. However, the complexity of identifying, accounting for, and distributing funds available for restitution directly to the hundreds of thousands of policyholders as part of the restitution process in this Case is unnecessarily cumbersome and otherwise burdensome. Rather, directing restitution payments through the insurance companies themselves rather than directly to the individual

policyholders not only fits more naturally within the MVRA framework (as it was the insurer's money that was diverted to Defendant and as it was the insurer's regulators and independent agents that Defendant was making misrepresentations), but also vastly streamlines the Special Master's process. This method imposes little risk of harm to the individual policyholders, each and every of who are creditors of the applicable Pre-Designated Restitution Parties in the corresponding liquidation proceeding or otherwise and benefit from any restitution payments made to the corresponding liquidation or rehabilitation estate. Furthermore, all of the North Carolina Insurance Companies' individual policyholders have been paid in full by the Guaranty Associations and/or the Special Master.

C. Others Seeking Restitution

In addition to the foregoing persons seeking restitution in this Case, the Special Master has received victim impact statements from, or has otherwise been contacted by, various other persons seeking restitution. Broadly, such persons fall into one of two categories: (1) employees and other general creditors of Defendant's insurance companies; and (2) persons alleging harms having nothing to do with Defendant's insurance enterprise. This latter group includes, without limitation: Defendant's ex-wife; one or more of Defendant's ex-girlfriends; judgment creditors; disgruntled investors or former business partners; and other of Defendant's general creditors. Although Defendant agreed to full restitution—in the broadest sense—for “all conduct pertaining to any . . . uncharged conduct,” some nexus must exist between the harm complained of by the person seeking restitution and the conduct described in the Indictment. All of these other persons seeking restitution have failed to demonstrate a proximate connection between their alleged damages and the crimes described in the Indictment (or any crime at all).

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION**

UNITED STATES OF AMERICA,

Plaintiff,

v.

GREG E. LINDBERG,

Defendant.

Case No. 3:23-CR-48-MOC

APPENDIX 3 TO REPORT AND RECOMMENDATIONS REGARDING RESTITUTION

LOSS CALCULATION METHODOLOGIES

A. Summary of Different Methodologies

Overview. In determining the appropriate loss amounts for purposes of restitution, three primary categories of monetary damages bear on the analysis: (1) the loss amounts asserted by the putative victim; (2) the outstanding balances of the Affiliate Investments representing the vehicles through which funds were misappropriated; and (3) the policyholder liabilities representing the unpaid obligations owed to individual policyholders as consequential victims. Because these three categories overlap and seek to measure different dimensions of the same underlying harm, a consistent set of criteria is necessary to determine which amounts most accurately and defensibly quantify the losses caused by the conduct underlying the thirteen counts of the Indictment.

Criteria for Losses. The criteria adopted herein require that loss amounts reflect the actual monetary losses directly attributable to the conduct described in the Indictment. Accordingly, any Affiliate Investments balances have been reduced by qualifying recoveries previously realized by the insurance company.

Qualifying Recoveries. Defendant has proposed, and the Special Master's financial advisor has reviewed, a broad range of prior cash payments and other alleged items of consideration that were made to the North Carolina Insurance Companies and the Bermuda Insurance Companies as restitution credits. These include business operating expense reimbursements, subordination fees, transaction fees, and various other transactional payments to the insurance companies. Many of these proposed restitution credits involve payments where Defendant received new and reasonably equivalent consideration in return or that were made to advance Defendant's own business interests. Given the volume and complexity of these proposed credits, a clear and consistent evaluation framework is necessary. For purposes of determining current losses, qualifying recoveries are generally defined as payments made for the direct benefit of the victim insurance companies or their policyholders on account of antecedent obligations, but excluding payments made for Defendant's own strategic, business, or self-preservation purposes or payments otherwise made in exchange for new consideration.

Direct & Consequential Losses May Inform Restitution. Beyond establishing the appropriate measure of losses and damages, the restitution framework must also address how recovered funds will be directed to those harmed by Defendant's conduct. While the Special Master does not recommend that policyholder liabilities be the primary measure of restitution loss, they nevertheless could inform the downstream impact of the misappropriation and may, at a minimum, guide the final proposed allocation of recovered funds to direct and consequential victims.

Framework Application. The following sections apply this framework and criteria to each of the three categories of monetary damages. The Affiliate Investments section details the calculation and determination of the Affiliate Investment balances, which the Special Master

recommends serve as the primary measure of financial losses. The Policyholder Liability section addresses the policyholder liabilities, quantifying the downstream harm, or consequential damages, to potentially be used in guiding the allocation of recovered funds. The Claimed Losses section presents the loss amounts asserted by the victim insurance companies.

B. Affiliate Investments

This section quantifies the current outstanding balances for Affiliate Investments held by the North Carolina Insurance Companies and the Bermuda Insurance Companies, being the most readily ascertainable shorthand for calculating how much money Defendant took from the Pre-Designated Restitution Parties. Although the calculation of the outstanding principal balances for these investments is imperfect as explained herein, the amounts set forth below represent the Special Master's best estimate of the original loss sustained by the insurance companies after giving credit to Defendant for various documented recoveries and offsets. As set forth below, the two primary issues with these calculations are (1) whether any interest should be included and, if so, how much; and (2) what credit Defendant should receive for claimed recoveries and offsets.

"Affiliate Investments" refers to all categories of loans or investments made by the insurance companies into entities directly or indirectly controlled by Defendant or his affiliated enterprise Global Growth Holdings, Inc. (formerly known as Eli Global) ("Global Growth"). These investments include, but are not limited to, direct affiliate loans, special purpose vehicle ("SPV") notes, finance company ("FinCo") notes, principal protected notes ("PPNs"), Repos, and preferred equity interests.

The analysis presented herein has been constrained by limitations in the availability of original Affiliate Investments and transaction documentation. Notwithstanding these constraints, the analysis has been developed using the best available documentation including, but not limited to, the Interim Amendment to Loan Agreement ("IALA") and supporting restitution templates,

quarterly receiver reports, court documents, and other transactional records obtained primarily from the receivers/liquidators and Defendant.

Within this framework for calculating loss amounts, primarily three interest methodologies were evaluated to quantify the current outstanding balances due to the North Carolina Insurance Companies and the Bermuda Insurance Companies and include:

1. Unpaid Principal: The aggregate original investment amount per the IALA, net of documented recoveries and offsets, representing the Special Master's best estimate of the original loss sustained by the insurance companies.
2. Unpaid Principal Plus Time Value of Money Interest: The unpaid principal balance described above plus interest calculated at 2.19%, the 30-Day U.S. Treasury rate as of June 27, 2019 (the IALA's effective date), accrued from the IALA effective date through March 31, 2026. This methodology represents a time-value-of-money loss, calculated at a conservative, risk-free rate from the date the parties formally acknowledged and restructured the Affiliate Investment obligations.
3. Unpaid Principal Plus IALA Contractual Interest: The unpaid principal balance plus interest calculated at the rates and terms established under the IALA), accrued from the IALA effective date through March 31, 2026. This methodology represents the full contractual measure of damages based on the terms that the parties agreed to. Where applicable, default rate provisions under the IALA are considered.

The IALA establishes the following Base Interest Rates by Loan classification (per annum):

- Senior Loans: 5.00%
- Junior Loans: 5.50%
- Preferred Equity: 6.00%
- Agera Loans: 0.00%
- PBLA Loans: 0.00%
- Loans Excluded from NHC, or Excluded Loans: 5.00%
- Insurance HoldCo-Related Debt: 0.00%

If an Event of Default related to payment occurs under any of the Loans, the default interest rate is double the applicable Base Interest Rate. An Event of Default was declared with respect to the Senior Loans on February 4, 2020.

The following table summarizes the outstanding and unpaid Affiliate Investment balances projected through March 31, 2026 under each methodology:

\$ in millions	Unpaid Principal	Unpaid Principal Plus Time Value of Money Interest	Unpaid Principal Plus IALA Contractual Interest
North Carolina Insurance Companies:			
CBL	\$688	\$821	\$1,218
BLIC	13	21	45
SNIC	113	131	189
Subtotal	\$814	\$973	\$1,452
Bermuda Insurance Companies:			
Northstar	\$134	\$159	\$194
OMNIA	37	43	38
PBLA	339	406	620
PBIHL	38	44	50
Subtotal	\$548	\$652	\$902
Total	\$1,362	\$1,625	\$2,354

1. Methodology 1 — Unpaid Principal

The unpaid principal represents the original investment amount deployed into Affiliate Investments that remains outstanding and unrecovered as of March 31, 2026, net of documented recoveries and offsets.

The Affiliate Investments comprise a large number of individual instruments. Each individual investment has been independently identified, analyzed, and adjusted for all debt service activity over the life of the instrument, including principal and interest payments, capitalized interest up to the IALA's effective date, and other transactional activity. The unpaid principal amounts presented herein reflect actual outstanding exposure on a security-by-security basis, not estimates or approximations.

The primary source for the identification and terms of the Affiliate Investments is the IALA, executed as of June 27, 2019, supplemented by loan agent records, payment schedules, and rehabilitation and receivership records to account for post-IALA activity. Where original

documentation was unavailable due to the limitations previously referenced, the analysis relies on the best available evidence, with material assumptions highlighted and discussed.

\$ in millions	CBL	BLIC	SNIC	North-star	OMNIA	PBLA- ULICO	PBIHL	Total
IALA:								
Principal	\$1,130	\$73	\$171	\$194	\$43	\$494	\$43	\$2,148
Capitalized Interest	15	1	2	5	–	9	–	32
Affiliate Investments	\$1,145	\$73	\$173	\$199	\$43	\$502	\$43	\$2,179
Post-IALA Debt Service:								
Principal Payments	(247)	(21)	(48)	(37)	(2)	(49)	–	(404)
Interest Payments	(72)	(3)	(10)	(8)	–	(6)	–	(99)
Subtotal	826	50	115	154	42	447	43	1,676
Recoveries & Offsets:								
CWG Sale Proceeds	(138)	(37)	(2)	(20)	(4)	(84)	(5)	(290)
ULICO Payment	–	–	–	–	–	(25)	–	(25)
Net Unpaid Principal	\$688	\$13	\$113	\$134	\$37	\$339	\$38	\$1,362

IALA Principal. Represents the original and outstanding principal balance of each Affiliate Investment as set forth in the schedules to the IALA, executed as of June 27, 2019.

Capitalized Interest. Represents the accrued but unpaid interest that was capitalized and added to the principal balance of the Affiliate Investments through the IALA's effective date.

Affiliate Investments. The sum of IALA Principal and Capitalized Interest, representing the total Affiliate Investment exposure as of the IALA's effective date.

Post-IALA Principal Payments. Principal payments received on the Affiliate Investments following the IALA's effective date through the measurement date of March 31, 2026. Amounts are based on loan agent records and available payment schedules.

Post-IALA Interest Payments. Represents payments received on the Affiliate Investments following the IALA's effective date that were contractually characterized as interest. For purposes of establishing the Net Unpaid Principal under Methodology 1, these interest payments have been recharacterized and applied as principal reductions. This treatment reflects a principal-only view

of the outstanding balances and quantifies what the remaining unpaid principal would be if no interest had been assessed and all payments received, regardless of their contractual characterization, had been credited to principal. This approach represents the most conservative measure of the base loss, as it maximizes the credit given for payments received and isolates the analysis to the unrecovered original investment amount. The interest component of damages is addressed separately under Methodologies 2 and 3.

CWG Sale Proceeds. Reflects the net proceeds from the sale of the Clanwilliam Group of Companies (“CWG”), a “Specified Affiliated Company” under the Global Growth portfolio. CWG was sold to TA Associates pursuant to a court-approved sale and subsequently distributed through the Special Master pursuant to a federal court order.¹ Proceeds were allocated among the North Carolina Insurance Companies, the Bermuda Insurance Companies, and Vista as set forth in the distribution order. These payments are credited as recoveries against the Affiliate Investments of each respective insurance company in the aggregate amount of \$289 million.

ULICO Payment. Represents a \$25 million payment credited against the PBLA-ULICO Reinsurance Trust obligations. This payment was made by Lindberg in 2022 towards the satisfaction of the outstanding judgment entered against him in the lawsuit *Universal Life Insurance Company v. Greg Lindberg* in the Middle District of North Carolina, Case No. 20-cv-00861 (the “Middle District Judgment”). Lindberg receives a dollar-for-dollar credit against the balance owing on the Middle District Judgment for this payment. The Middle District Judgment was the result of a breach of contract action pursued by ULICO against Lindberg in relation to the 2020 \$524 million arbitration award ULICO received in 2020 against PBLA relating to improper investments.

¹ *Order granting consent motion to approve distribution of CWG sale proceeds* (Doc. No. 68).

Net Unpaid Principal. Reflects the remaining outstanding balance of the Affiliate Investments after application of all post-IALA debt service activity, CWG sale proceeds, and the ULICO payment. This amount represents the base loss sustained by each Insurance Company as of the measurement date.

General. All amounts are presented in millions and are rounded.

2. Methodology 2 — Time Value of Money Interest

Methodology 2 quantifies the time-value-of-money loss sustained by the insurance companies as a result of the Affiliate Investments remaining outstanding and unrecovered from the IALA’s effective date through the measurement date. This methodology applies an equalized, conservative interest rate to the Net Unpaid Principal to establish a floor for the additional damages beyond the base loss presented under Methodology 1.

\$ in millions	CBL	BLIC	SNIC	North- star	OMNIA	PBLA- ULICO	PBIHL	Total
Net Unpaid Principal	\$688	\$13	\$113	\$134	\$37	\$339	\$38	\$1,362
Post IALA Interest	133	8	18	25	6	67	6	263
Total	\$821	\$21	\$131	\$159	\$43	\$406	\$44	\$1,625

The interest rate applied is 2.19%, representing the 30-Day U.S. Treasury rate as of June 27, 2019, which is the date the parties formally acknowledged and restructured the Affiliate Investment obligations under the IALA. This rate represents the risk-free rate of return available at the time the obligations were restructured. Interest accrues from June 27, 2019 through March 31, 2026 and has been calculated on a security-by-security basis, with the accruing balance of each individual instrument adjusted to reflect the timing and impact of principal payments received over the accrual period.

3. Methodology 3 — IALA Interest

Methodology 3 quantifies the contractual measure of damages sustained by the Insurance Companies by applying the interest rates and terms established under the IALA to the Net Unpaid Principal. Unlike the conservative, risk-free rate applied under Methodology 2, this methodology measures damages based on the rates the parties agreed to when the Affiliate Investment obligations were formally restructured.

Methodology 3 represents the full contractual loss from the IALA’s effective date through the measurement date.

\$ in millions	CBL	BLIC	SNIC	Northstar	OMNIA	PBLA	PBIHL	Total
Net Unpaid Principal	\$688	\$13	\$113	\$134	\$37	\$339	\$38	\$1,362
Post IALA Interest	530	32	76	60	1	281	12	992
Total	\$1,218	\$45	\$189	\$194	\$38	\$620	\$50	\$2,354

Interest has been calculated on a security-by-security basis using the Base Interest Rates established under the IALA for each loan classification, with the accruing balance of each individual instrument adjusted to reflect the timing and impact of principal payments received over the accrual period. Interest accrues from June 27, 2019 through March 31, 2026. Where an Event of Default was declared on the senior loans on February 4, 2020, the default interest rate was applied.

4. Special Master’s Recommendation on Interest Rate

Of the three methodologies for calculating interest outlined above, the Special Master believes that the middle approach—Unpaid Balance Plus Time Value of Money Interest—mostly closely aligns with the purposes of the MVRA. On one end of the spectrum, restitution under the MVRA is aimed at quantifying the actual loss suffered, not necessarily awarding a victim the benefit of the victim’s bargain with the defendant; this reasoning leads the Special Master to shy away from recommending interest at the contractual rate. On the other end of the spectrum,

awarding only principal—especially when the losses occurred nearly a decade ago—deprives the victim of the time value of money. Accordingly, the Special Master believes that a method that incorporates a “time value of money” interest rate is fair and appropriate under the circumstances. *See United States v. Fike*, 140 F.4th 351, 355-59 (6th Cir. 2025) (court did not err in including time value of money interest as part of restitution because it more fully compensated victim’s losses) (collecting cases); *see also United States v. Hoyle*, 33 F.3d 415 (4th Cir. 1994) (no error in including loan interest in restitution amount). Using a time value of money interest rate will also promote more equal treatment among the different Pre-Designated Restitution Parties, whose affiliated investments may not have all had the same contractual interest rates. Defendant disagrees with the position of the government and Special Master that some interest component is an appropriate part of restitution under these circumstances.

5. Offsets Considered but Not Assumed

Defendant has identified various payments and transfers that he characterizes as presently existing offsets against any restitution awarded in this Case (“Asserted Recoveries”). These Asserted Recoveries total at least \$1.6 billion and encompass a wide range of business transactions that took place between 2019 and 2025. For purposes of determining restitution, Qualifying Recoveries (discussed further above) are generally defined as payments made for the benefit of the victim insurance companies or their policyholders, but exclude payments made for Defendant’s own strategic, business, or self-preservation purposes or for other independent consideration.

The Special Master has determined that some elements of the Asserted Recoveries satisfy these criteria. As such they are incorporated in the Unpaid Principal amounts above, which include the following:

- quarterly interest payments and other partial payments of principal or interest that Defendant made to some of the Pre-Designated Restitution Parties;

- a \$25 million partial payment made directly to ULICO; and
- The \$289 million in aggregate CWG sale proceeds distributed to the Pre-Designated Restitution Parties and the holders of claims uncovered by the Guaranty Associations.

The Special Master has determined that the remaining Asserted Recoveries do not presently satisfy the applicable criteria. The following is a list of these Asserted Recoveries rejected by the Special Master with a brief explanation of the Special Master's primary rationale for rejecting the same.

- A credit for all of the assets on the victims' balance sheets, or, at least, a credit for those assets that are ultimately distributed to the victims' creditors, and/or a credit for the enterprise value of each victim at the time the applicable supervising governmental authority took control of the victim.
 - If, in this Case, the victims are the insurance companies and the loss amounts are based on Affiliate Investment balances, then a victim's other assets (or enterprise value) are irrelevant to the calculation of loss amounts. As the assets and liabilities correspondingly decrease on the victims' balance sheets over time, the victims are in no better (or worse) of a financial condition. The Special Master's recommended methodology ignores, and does not otherwise make Defendant responsible for, the victims' policyholder liabilities (or other liabilities). As such, Defendant should receive no restitution credit as the victims pay their obligations from other assets available to each entity.
- Defendant's transfer of a preferred equity position in one of the Primary Restitution Assets to ULICO, for which ULICO agreed to reduce the amount of ULICO's civil judgment against Defendant by at least \$218 million.
 - The Special Master believes this offset should occur if and when the preferred equity position is liquidated into cash. Based on the Special Master's investigation, this asset is not freely transferable and is subject to too many unknowns and variables concerning potential market conditions to accurately estimate the amount ULICO is likely to recover on this asset. The Special Master believes ULICO's purported agreement(s) as to how to reduce its civil judgment on account of this transfer should not influence the Special Master's calculation of criminal restitution losses. The Court's standard restitution order language that no victim can recover more than its losses should adequately protect Defendant if and when this asset can be monetized by ULICO.

- CBL’s receipt of a \$3 million subordination fee in connection with a new loan to some of Defendant’s other companies.
 - CBL agreed to subordinate its priority position to clear the way for certain of the Specified Affiliated Companies to obtain new capital, thereby increasing the risk of recovering on the corresponding Affiliate Investments. In other words, fresh consideration was given by CBL for the \$3 million payment.
- SNIC’s receipt of approximately \$28 million in expense reimbursements from Defendant in 2021–2022.
 - The NCCOI sought to move SNIC from rehabilitation to liquidation in 2021. To delay this from occurring, Defendant agreed to reimburse SNIC’s operating costs in continuing to operate per Defendant’s wishes. SNIC is no better off after having received these reimbursements from Defendant than SNIC would have been had it gone straight to liquidation over Defendant’s objections in 2021. In other words, fresh consideration (continued operations per Defendant’s request) was given by SNIC for the \$28 million.
- Approximately \$59 million in payments made to the Pre-Designated Restitution Parties for debts not included in the IALA.
 - The Special Master’s advisors learned very recently that some affiliated loans that had been subsequently fully satisfied do not appear in the IALA. The Special Master has not counted this “Cash Out” against Defendant in the Affiliate Investment loss amounts outlined in this Report; accordingly, Defendant should get no credit for the “Cash In” Defendant put back on account of these loans.
- CBL’s receipt of a \$5 million transaction fee in connection with a debt restructuring of one of the Primary Restitution Assets.
 - Probably the closest call of all the Asserted Recoveries rejected by the Special Master, CBL received some sort of transaction fee for serving as some kind of agent or servicer on some loans made between Defendant’s affiliated entities. In other words, fresh consideration (loan agent services) was given by CBL for the \$5 million. That said, the Special Master questions whether this fee reflected reasonably equivalent value for the services rendered, hence making this determination a “close call” in the mind of the Special Master.
- Various reductions totaling at least \$129 million relating to one or more entity(ies) referred to as “Agera.”

- The crux of Defendant’s offset request here is that Agera is not an affiliated entity, is an investment Defendant assumed upon purchase of Omnia and PBIHL (and upon PBLA’s assumption of the obligation to reinsure ULICO’s liabilities), and, as such, does not fall under the terms of the Indictment. It appears to the Special Master, based on the information available, that Defendant purchased Omnia and PBIHL for \$1.00 each (and agreed to reinsure ULICO) having full knowledge of (i) those companies’ ownership of debt and/or equity in Agera, (ii) Agera’s troubled financial situation, (iii) that, for Omnia (and maybe others) to avoid regulatory supervision and otherwise succeed, Defendant would need to maintain Agera’s value. Despite all of this, Defendant shortly thereafter acquired a controlling ownership stake in Agera. Thus, it appears to the Special Master that Defendant benefitted from all of the investments into Agera by the Pre-Designated Restitution Parties, whether before Defendant’s acquisition of Agera or afterward.
- A reduction in the amount of \$118.3 million based on CBL’s purchase of a group of affiliated companies known as “Eye Care Leaders.”
 - Eye Care Leaders filed for chapter 11 bankruptcy in January of 2024, owing \$17 million to the Pre-Designated Restitution Parties in outstanding Affiliate Investments at that time. To finance the bankruptcy process, CBL loaned fresh capital to Eye Care Leaders separate and apart from the Affiliate Investments, and then purchased Eye Care Leaders out of bankruptcy with a credit bid based on the new debtor-in-possession financing plus additional cash. The Special Master does NOT agree (1) that Defendant should get a credit against his restitution obligations for the outstanding amount of Eye Care Leaders Affiliate Investments because CBL purchased Eye Care Leaders or (2) that the outstanding amount of those Affiliate Investments total \$118.3 million.

Obviously, Defendant disagrees with the Special Master’s conclusions on these points. On information and belief, the government agrees with the Special Master’s conclusions, although perhaps on additional or different rationales.

C. Policyholder Liabilities

This section quantifies the outstanding policyholder liabilities for the North Carolina Insurance Companies and the Bermuda Insurance Companies for purposes of assessing consequential damages. Each of the North Carolina Insurance Companies and the Bermuda

Insurance Companies sold and/or administered insurance and annuity products including individual variable contracts, fixed-rate contracts, life (term, whole, juvenile whole and universal) variable universal life insurance and universal life insurance policies, Medicare supplement insurance, long-term care insurance, supplemental health insurance (hospital indemnity insurance), accident and critical condition insurance.

Certain of the North Carolina Insurance Companies and the Bermuda Insurance Companies acted as reinsurers. In a reinsurance transaction, one insurance company (the reinsurer) agrees to assume responsibility for paying losses on group of policies written by another insurance company (the cedent). As part of the reinsurance, the cedent transfers premium and reserves associated with the covered policies to the reinsurer. The reinsurer manages the reserves, and theoretically over time, uses the reserves plus its own financial strength to pay the claims associated with the transferred risks.

To be clear, the Special Master disagrees with using outstanding policyholder liabilities as the primary metric for restitution losses in this Case. The principal harm resulting from the conduct described in the Indictment was the conversion of conservative, liquid investments into riskier more illiquid investments, a harm most directly expressed by the outstanding Affiliate Investment balances. While the consequential harm to individual policyholders is an interesting metric to examine, using outstanding policyholder liabilities to calculate loss amounts in this Case is too indirect, and subject to too many variables outside of Defendant's control, to act as the basis for the Special Master's recommendation on restitution loss amounts. Moreover, through the actions of the Guaranty Associations (as coordinated by NOLHGA), the Special Master, and the North Carolina Insurance Companies, among others, all of the North Carolina Insurance Companies'

individual policyholders have had their claims paid by the Special Master and/or through statutory benefits provided by the Guaranty Associations.

As illustrated below, policyholder liabilities across the North Carolina Insurance Companies (now owed to the state Guaranty Associations) and the Bermuda Insurance Companies approximate \$2.8 billion and comprise \$1.8 billion for the North Carolina Insurance Companies as of February 16, 2026 and \$1 billion for the Bermuda Insurance Companies as of December 31, 2025. Policyholder liabilities in excess of Guaranty Association coverage have been fully paid by the Special Master in the amount of \$157 million from Primary Restitution Assets and are excluded from the noted \$2.8 billion policyholder liability figure.

<i>\$ in millions</i>	Policyholder Liabilities	Segregated Assets	Net Policyholder Liabilities
Owed to Guaranty Associations (NCICs):			
CBL	\$1,277	—	\$1,277
BLIC	447	—	447
SNIC	132	—	132
Subtotal	\$1,856	—	\$1,856²
Bermuda Insurance Companies:			
Northstar	\$478	\$(136)	\$342
OMNIA	152	(105)	47
PBLA	499	—	499
PBIHL	45	(2)	43
Subtotal	\$1,174	\$(243)	\$931
Total	\$3,030	\$(243)	\$2,787

Even when taken together with other available non-affiliated assets, the Special Master’s recommended loss amounts based on current Affiliate Investment balances with “time value of money interest” are insufficient to satisfy (a) Northstar’s individual policyholder liabilities and

² The North Carolina Insurance Companies held in excess of \$890 million in balance sheet assets, exclusive of any affiliated investments in Defendant’s other companies, at June 30, 2025 as set out in the Commissioner of Insurance of the State of North Carolina Receiver’s Quarterly Report filed March 16, 2026. These assets would be available to pay both liquidation expenses as well as policyholder liabilities.

(b) PBLA's debts owed to ULICO and other policyholders. There are several potential reasons for this, but one significant cause of the discrepancy lies in the application of the "time value of money" interest rate which is understood to be below the interest rate earned by the fixed-rate insurance products sold by Northstar, which have continued to accrue interest at that higher rate as reflected in the above numbers. Moreover, as set forth above, as least as far back as 2020, Northstar's assets appear to have been insufficient to meet its policyholder liabilities even if affiliated investments were included on the balance sheet in their face amount. The Special Master lacks sufficient information to fully explain why that is the case.

The North Carolina Insurance Companies have been approved to use its available assets to pay down the liabilities owed to the state Guaranty Associations in an aggregate amount equal to \$512 million.

Guaranty Associations. As previously noted, upon effectiveness of the Liquidation Orders for each of CBL, BLIC, and SNIC, Guaranty Associations, by operation of applicable insurance law, provided statutory benefits for affected policyholders and beneficiaries. This backstop for insolvent carriers acts somewhat like the deposit insurance provided by the Federal Deposit Insurance Corporation and is capped (depending on the type of policy and the state's laws). For annuities, the cap is usually \$250,000 to \$300,000. For policyholders with annuities above these amounts, often referred to by the Special Master as "excess" or "uncovered" policyholders, the Guaranty Associations will not make them whole. The Guaranty Associations (as coordinated through NOLHGA) have made approximately \$1.9 billion in payments for statutory benefits for an estimated 199,000 policyholders in full satisfaction of their statutory backstop obligations.

Excess Policyholder Liabilities. These are policy-related claims which are not entitled to statutory benefits from the Guaranty Associations. Approximately \$157,000,000 has

been paid to the estimated 44,000 policyholders with payments still in process. At present, approximately 94% of all distribution checks have cleared, and the Special Master and its professionals are diligently working to clear the remaining 6% of checks which have proved problematic for various reasons.

Bermuda Insurance Companies. The Bermuda Insurance Companies are without, unlike the North Carolina Insurance Companies, any guaranty insurance backstop and remain currently operational under their joint provisional liquidators in run-off as they service their policyholder liabilities. The Bermuda Insurance Companies continue to incur legal and financial fees and these are not considered in the above figures. Several of the Bermuda Insurance Companies hold segregated assets for the benefit of their respective shareholders. These amounts are noted in the chart.

D. Claimed Losses

This section quantifies the claimed losses for each of the North Carolina Insurance Companies and Bermuda Insurance Companies. On or about the first week of March 2026, a current update of claimed losses was requested from the North Carolina Insurance Companies and Bermuda Insurance Companies. The claimed loss figures for the North Carolina Insurance Companies and Bermuda Insurance Companies presented below differ in several key manners:

1. North Carolina Insurance Company claimed losses are as of March 31, 2026 while the Bermuda Insurance Company claimed losses are as of December 31, 2025.
2. North Carolina Insurance Company claimed losses are based solely on the outstanding Affiliate Investment balances and contractual interest accrued thereon and do not include any professional costs, wind-down estimates, or non-affiliated loan or investment amounts due.³

³ On information and belief, the only reason the North Carolina Insurance Companies' claimed loss amounts differ from the "Unpaid Principal Plus IALA Contractual Interest" amounts included in § B.3, *supra*, is due to the fact

3. Bermuda Insurance Company claimed losses are based on policyholder liabilities adjusted by:
 - a. additional amounts for “Other Creditors”;
 - b. additional amounts for estimated liquidation and legal costs to complete the liquidation;
 - c. a reduction for assets held, both segregated and general, available to meet policyholder liabilities.

Total claimed losses are approximately \$2.5 billion with the North Carolina Insurance Companies at \$1.6 billion and the Bermuda Insurance Companies at \$900 million.

<i>\$ in millions</i>	Claimed Losses
North Carolina Insurance Companies (March 31, 2026):	
CBL	\$1,355
BLIC	81
SNIC	191
Subtotal	\$1,627
Bermuda Insurance Companies (December 31, 2025):	
Northstar	\$325
OMNIA	51
PBLA	503
PBIHL	43
Subtotal	\$922
Total	\$2,549

In addition to the foregoing: NOLHGA identified the claimed loss across all Guaranty Associations to total \$1.9 billion (based on covered policyholder liabilities); ULICO asserts its losses to be approximately \$538 million as of December 31, 2025⁴; Vista/USAP identified its claimed loss amount as \$236 million; and Conservatrix identified its claimed loss amount as exceeding \$240 million.

the North Carolina Insurance Companies have not been asked to submit an updated claim to the Special Master since various adjustments to their figures were made, working together with the Special Master’s financial advisors.

⁴ ULICO’s damage calculation comprises: \$276,098,761 in statutory reserves ceded to PBLA; \$195,888,291 in principal owed under the reinsurance contract with PBLA; contract interest totaling \$23,580,747 as of December 31, 2025; \$958,298 owed under a funding agreement; and \$41,304,602 in recoverable expenses.