

**DISTRIBUTION UPDATE OF FEBRUARY 27, 2014**

The Receiver mailed the investor distribution checks on Friday, February 21, 2014. Since that time, many investors have called the Receiver's offices with questions on the amount of their distribution. In an effort to efficiently respond to investor inquiries and reduce the number of calls, the Frequently Asked Questions (FAQs) are being updated with the following questions many investors are asking.

**How was the amount of my distribution check calculated?** As previously set forth in the Plan of Distribution approved by the Court, your distribution check was based on the pro rata share of your claim as a percentage of total claims in the amount of \$557,365,103. The amount of your claim is calculated by the amount of your investment, less any payments of either interest or principal prior to the appointment of a receiver, less any amounts you were paid from third parties, such as the distribution of the bond indenture trustee settlements, settlements with broker-dealers, or arbitration awards. An example of this calculation follows. Say a hypothetical investor invested \$100,000 in a Med Cap note and received interest payments of \$15,000 from Medical Capital prior to August 2009, and later received \$13,500 from the class action settlement with the bond indenture trustees, then the amount of their claim would be \$71,500 (\$100,000-\$15,000-\$13,500=\$71,500). The hypothetical investor's pro rata share would be .00013 (\$71,500/\$557,365,103=.00013), and the amount of their distribution check would be \$15,160.66 which is the investor's pro rata share of the Receiver's \$116,620,480 distribution to unsecured claimants distribution, (.00013 x \$116,620,480). The total distribution of unsecured claimants divided by the total amount of unsecured claims is 20.9235%. The remaining \$879,519.12 of the \$117,500,000 in cash distributed was paid to priority claimants. Another example in table format follows.

Principal Invested	Principal Returned	Principal Balance	Interest Paid	Allowed Net Claim
\$100,000.00	\$0.00	\$100,000.00	\$30,000.00	\$70,000.00
			No Broker Recovery	\$0.00
			Trustee Settlement	-\$18,000.00
<b>Final Claim after 3rd Party Recovery offset</b>				<b>\$52,000.00</b>
<b>Receivership Distribution Amount would be:</b>				
<b>\$52,000.00 X 20.92% =</b>				<b>\$10,878.40</b>

**I had more than one note and received interest and my principal back on some of the notes, how was my distribution calculated?** The following table shows how your distribution would be calculated.

	Principal Invested	Principal Returned	Principal Balance	Interest Paid	Allowed Net Claim
Note I	\$100,000.00	\$100,000.00	\$0.00	\$30,000.00	-\$30,000.00
Note II	\$50,000.00	\$50,000.00	\$0.00	\$8,000.00	-\$8,000.00
Note III	\$50,000.00	\$0.00	\$50,000.00	\$0.00	\$50,000.00
					<b>\$12,000.00</b>
				3rd Party - Broker Recovery	-\$13,500.00
				<b>Final Claim after 3rd Party Recovery offset</b>	<b>\$0.00</b>

**Will I be receiving a 1099 for this distribution?** No. The distribution is a return of capital and you will not receive a 1099 from the receivership estate. The Receiver cannot give tax advice and you should seek advice from your tax professional if necessary. We recommend that you contact your IRA custodian for additional instructions regarding your check, if applicable.

**I have not received my distribution check yet, what should I do?** Please allow for a few more days before making an inquiry. After Tuesday, March 4, 2014, you may call (949) 265-8412 or email [mail@medicalcapitalreceivership.com](mailto:mail@medicalcapitalreceivership.com) to make your inquiry.

**I had two investments with Medical Capital, one in my IRA and another in my family trust, will I receive two checks?** You should receive two checks. If for some reason you only received one check, contact the Receiver's office.

**My check was made jointly payable to me and my late spouse or parent and I cannot cash it, what should I do?** Please email, fax or mail the appropriate documentation such as a power of attorney, will, or trust documents indicating that you are the successor trustee, and we will re-issue your check accordingly.