

is required. This Disclosure Statement has been presented to and approved by the United States District Court for the Western District of Michigan, Southern Division (the "Court").

No representations concerning the Receivership Estate are authorized by the Receiver other than as expressly set forth in this Disclosure Statement. This Disclosure Statement may not be relied upon for any purpose other than to determine whether to support or oppose the Plan. Nothing contained in either this Disclosure Statement or the Plan shall constitute an admission of any fact or liability by the Receiver or be admissible as an admission of any fact or liability in any proceeding involving the Receiver. **Holders of claims are urged to consult their own legal and financial advisors concerning tax consequences or other legal effects of the Plan.** You should not rely upon any representation or inducement by any person to secure your support or objection to the Plan, other than those contained in this Disclosure Statement.

B. General.

The Court approved this Disclosure Statement on August 1, 2006 as containing sufficient information to enable holders of Claims to make an informed judgment to support or object to the Plan. **The Court has scheduled a hearing which will begin on _____ to consider approval of the Plan.**

C. Acceptance or Objection to the Plan.

If after reviewing the Plan and this Disclosure Statement, you support the Plan there is nothing more you need to do. If, however, you object to the Plan you must file a written objection to the Plan with the Court at: U.S. District Court for the Western District of Michigan, 399 Gerald R. Ford Federal Building, 110 Michigan Street N.W., Grand Rapids, Michigan 49503 and also send a copy to the Receiver's Special Counsel at: Michael J. Quilling, Quilling Selander Cummiskey & Lownds, P.C., 2001 Bryan Street, Suite 1800, Dallas, Texas 75201 (facsimile (214)

871-2111). **WRITTEN OBJECTIONS MUST BE RECEIVED BY 4:00 P.M. EASTERN TIME, _____, TO BE CONSIDERED. NO OBJECTION RECEIVED AFTER THAT TIME WILL BE CONSIDERED UNLESS AGREED OTHERWISE BY THE RECEIVER OR THE COURT.** If you file an objection to the Plan, you **MUST** put Case No. 1:03-CV-0236 somewhere on the first page of the Objection.

Regardless of whether you object to the Plan, you will be bound by the terms and treatment set forth in the Plan, if the Plan is approved by the Court.

II.

EVENTS LEADING TO RECEIVERSHIP

These proceedings were initiated on April 8, 2003 by Michael J. Quilling, a receiver appointed by the United States District Court for the Northern District of Texas for Advanced Financial Services, Inc., one of the brokers who located investors to place funds in the various investment programs offered by Trade Partners. Based upon his suspicions that the programs being offered by Trade Partners were fraudulent, he sought the appointment of a receiver. On April 15, 2003, the Court entered an Order appointing Bruce S. Kramer to serve as Receiver in these proceedings and he has done so since that time. Shortly thereafter, the Court appointed Steven A. Harr to serve as an Examiner in the case to, among other things, monitor the activities of the Receiver and represent the collective voice of the investors in this case.

After assuming his duties, the Receiver verified that the business activities conducted by Trade Partners were, indeed, fraudulent. The Receiver further determined that Trade Partners was insolvent and its bank accounts were severely overdrawn. The Receiver terminated the business activities of Trade Partners, Inc. and sought to clarify and expand the Receivership Estate to include all known entities being operated, owned or controlled by Trade Partners and its principals. An

Order expanding the receivership to include all Trade Partners-related entities was entered by the Court on July 21, 2003.

III.

ACTIVITIES OF THE RECEIVER

After his appointment, the Receiver undertook immediate efforts to try to stabilize the financial condition of Trade Partners and prevent insurance policies from lapsing because of the lack of funds to pay insurance premiums. Although Trade Partners had promised investors that premiums would be paid, Trade Partners had insufficient funds to make timely premium payments. Ultimately, the Receiver was able to obtain a court order "pooling" all of the insurance policies for the benefit of all investors and which allowed the Receiver to use death benefits and other funds to pay premiums on the other policies. What "pooling" means is that the proceeds of all assets of the Receivership Estate were put into one common fund or "pool" for the benefit of everyone as opposed to just those people who claim an interest in a specific asset in the "pool." "Pooling" is a way for everyone to get something back as opposed to just a lucky few.

The Receiver placed two of the Trade Partner real estate LLCs into Chapter 11 Bankruptcy proceedings in order to achieve favorable sales of the real property held by them. He also initiated numerous lawsuits against various persons and entities designed to recover funds and assets which rightfully belonged to the Receivership Estate. All of that litigation has now been resolved.

The Receiver consulted with experts to determine what the best course of conduct would be with respect to the insurance policy portfolio and it was decided that the best course of action would be to sell the entire portfolio for approximately \$43 million. After lengthy hearings, the Court ultimately approved the sale of the policies and the policies are now being transferred to the purchaser for which payment is being received as policies are transferred.

Approximately 7,000 claims were presented to the Receiver for consideration and those claims have now all been reviewed and either approved or challenged. There are several claims which still need to be resolved.

At this time, other than the remaining claims to be resolved, completing the sale of the insurance portfolio and liquidating minor assets and the like, the Receiver's efforts are substantially complete.

IV.

CLASS ACTION LITIGATION AGAINST MACATAWA BANK

A class action against Macatawa Bank as successor to Grand Bank has been filed by counsel not associated with the Receiver. The Receiver is cooperating with counsel in that lawsuit to provide information needed in the lawsuit in the hope that it will increase the amount to be received by investors. The Plan has no impact whatsoever on that lawsuit and any recovery which may occur as a result of the lawsuit will be in addition to the distributions under the Plan. You can support the Plan and still participate in the class action if you are part of that lawsuit.

V.

FINANCIAL INFORMATION

From the time of his appointment through July 15, 2006, the Receiver has collected approximately \$75 million. As of July 19, 2006, the Receiver is holding approximately \$50.3 million net of expenses, some of which are restricted in some way. One of the restrictions is that the Receiver anticipates paying approximately \$8.0 million to various parties under Court-approved settlements. The Receiver has spent a total of approximately \$25 million from his appointment through July 15, 2006, all with Court approval. The chart attached hereto reflects how the money was spent. The Receiver is still in the process of completing the sale of the insurance portfolio. The total purchase price is approximately \$43,000,000.00 and is based upon 26.53% of the death benefit

amount sold. So far, through July 19, 2006, the Receiver has been paid approximately \$25 million. He anticipates receiving the balance of the purchase price in the next six months, but the timing of the receipt of those funds is dependent upon cooperation from various insurance companies.

It is the Receiver's best estimate that by the time the first distribution to claimants is to occur late this year, he will have between \$40 to \$45 million available to distribute. For purposes of the calculations below, he is using \$42.5 million.

VI.

SUMMARY OF THE PLAN

A. General.

The following is a summary of the Plan as qualified in its entirety by the full text of the Plan itself. **If the Plan is approved, then its terms will be binding upon the Receiver and all Claimants.** Therefore, you are urged to carefully read the Plan.

The proposed Plan is a plan of liquidation. All funds collected by the Receiver will be pooled and eventually be distributed to holders of Allowed A Claims. Most of the funds will be distributed no later than 120 days after the date the Court approves the Plan. Depending on how long it takes to get the Plan approved, the Receiver believes the first distribution will occur before the end of 2006. All remaining funds plus any additional money collected by the Receiver will be distributed thirty (30) days after the Receiver files his Final Report and it is approved by the Court. This final distribution is projected to occur sometime in 2007. Due to the fact that funds are still being received and claims are still being determined, the exact percentage to be paid to each holder of an Allowed A Claim is not known. However, it is the Receiver's **best estimate** that the total combined amount paid to holders of Allowed A Claims as a result of the First and the Final Distributions will be 34%.

B. Classes of Claims.

The Plan divides all Claims into separate Classes. The Classes and their treatment are as follows:

Class 1 - Administrative Claims. Class 1 consists of the Allowed Administrative Claims which relate to administration of these proceedings and for which benefits/services were provided to the Receivership Estate. These include Claims for professional services rendered by attorneys, accountants, consultants, brokers, experts and the like. This Class shall also include any Allowed Claims of the Internal Revenue Service for taxes incurred and owed after April 15, 2003. As those Claims are Allowed or approved by separate order, they shall be paid in full in cash from Available Cash (or in such other manner as the Court directs).

Class 2 - Allowed Secured Tax Claims. Class 2 consists of the Allowed Secured Tax Claims of any taxing authority, including the Internal Revenue Service, which are or were secured by a valid Lien against real or personal property of Trade Partners prior to April 15, 2003, which has not already been satisfied by other events in these proceedings such as a third-party sale of the property, a foreclosure sale of the property or a surrender of the property. All such Claims shall be paid in full in cash from Available Cash on the Effective Date. There are no known Claims in this Class.

Class 3 - Allowed Viatical Claims. Class 3 shall consist of all Allowed Viatical Claims. The amount of these Claims shall be combined with the amount of the Allowed Claims in Classes 4 through 7 to determine the amount to be paid on a Pro-Rata basis to holders of Allowed Claims in Classes 3 through 7. Once the Pro-Rata percentage has been established, each holder of an Allowed Viatical Claim will be paid its Pro-Rata percentage in cash on each Distribution Date. There are approximately \$120,000,000.00 of Allowed Claims in this Class.

Class 4 - Allowed Sojkara Claims. Class 4 shall consist of all Allowed Sojkara Claims. The amount of these Claims shall be combined with the amount of the Allowed Claims in Classes 3 and

5 through 7 to determine the amount to be paid on a Pro-Rata basis to holders of Allowed Claims in Classes 3 through 7. Once the Pro-Rata percentage has been established, each holder of an Allowed Sojkara Claim will be paid its Pro-Rata percentage in cash on each Distribution Date. There are approximately \$10,000,000.00 of Allowed Claims in this Class.

Class 5 - Allowed IWM Claims. Class 5 shall consist of all Allowed IWM Claims. The amount of these Claims shall be combined with the amount of the Allowed Claims in Classes 3 and 4 and 6 and 7 to determine the amount to be paid on a Pro-Rata basis to holders of Allowed Claims in Classes 3 through 7. Once the Pro-Rata percentage has been established, each holder of an Allowed IWM Claim will be paid its Pro-Rata percentage in cash on each Distribution Date. There are approximately \$9,000,000.00 of Allowed Claims in this Class.

Class 6 - Allowed Monthly Income Program Claims. Class 6 shall consist of all Allowed Monthly Income Program Claims. The amount of these Claims shall be combined with the amount of the Allowed Claims in Classes 3 through 5 and 7 to determine the amount to be paid on a Pro-Rata basis to holders of Allowed Claims in Classes 3 through 7. Once the Pro-Rata percentage has been established, each holder of an Allowed Monthly Income Program Claim will be paid its Pro-Rata percentage in cash on each Distribution Date. There are approximately \$15,000,000.00 of Allowed Claims in this Class.

Class 7 - Allowed Inventory Loan Claims. Class 7 shall consist of all Allowed Inventory Loan Claims. The amount of these Claims shall be combined with the amount of the Allowed Claims in Classes 3 through 6 to determine the amount to be paid on a Pro-Rata basis to holders of Allowed Claims in Classes 3 through 7. Once the Pro-Rata percentage has been established, each holder of an Allowed Inventory Loan Claim will be paid its Pro-Rata percentage in cash on each Distribution Date. There are approximately \$3,000,000.00 of Allowed Claims in this Class.

Class 8 - Allowed Real Estate LLC Claims. Class 8 shall consist of all Allowed Real Estate LLC Claims. Class 8 Claims shall be satisfied in different ways. Either the real property which secures the particular Claim shall be sold and the Claim satisfied by virtue of the terms of the sale or the Receivership Estate will surrender and/or allow foreclosure of the real property in which event the Claim will be satisfied by the terms of the foreclosure sale. Any Allowed Claims which relate to deficiency claims or to services, goods or benefits provided to one or more of the Real Estate LLCs shall be paid Pro-Rata with other Allowed Claims against that particular Real Estate LLC. If no funds exist in a particular Real Estate LLC from which to pay Allowed Claims, then those Allowed Claims shall be paid nothing under the Plan. There are approximately \$500,000.00 of Allowed Claims in this Class.

Class 9 - Allowed Unsecured Claims. Class 9 shall consist of all Allowed Unsecured Claims including all B Claims. Class 9 Claims will be paid nothing under the Plan. There are approximately \$10 million of Allowed Claims in this Class.

Class 10 - Equity Claims. Class 10 shall consist of all Allowed Equity Claims. Upon the Effective Date, all equity interests in any Trade Partners entity shall be cancelled and Class 10 Claims will be paid nothing under the Plan.

What the foregoing means in plain English is that if you have an A Claim which has been approved by the Court, then you will be paid a pro-rata percentage of your claim just like every other person who has an approved A Claim. As shown below, most of what you will be paid will be sent to you late this year and the balance sometime next year.

VII.

CALCULATION OF DISTRIBUTION PERCENTAGE

The distribution percentage is calculated by dividing the amount of funds available to distribute by the dollar amount of Allowed Claims:

$$\frac{\text{Amount to be Distributed}}{\text{Total Dollar Amount of Claims}} = \text{Distribution Percentage}$$

At this time, the Receiver cannot state the exact amount which will be available to distribute on the first Distribution Date because funds attributable to insurance policy sales will continue to be received through that date. However, the Receiver estimates that the amount will be between \$50 and \$45 million. At the time of the hearing to consider approval of the Plan, the Receiver will update the Court as to the projected amount and the distribution percentage will be increased accordingly.

The Receiver is also unable to state the exact amount of all approved A Claims because the approval/objection process is still underway. As of July 19, 2006, the total dollar amount of claims approved by the Court or pending Court approval and those which have been approved by the Receiver for submission to the Court is \$158,276,599.98. The amount of claims still in dispute is \$7,968,155.25. If the Receiver prevails in his objections, that amount will be reduced to \$2,776,063.85. Thus, according to the Receiver, the claims should total approximately \$161,052,663.83 and that is the amount used in the distribution percentage calculation.

$$\frac{42,500,000.00}{161,052,663.83} = 26.39\%$$

What this means in plain English is that if you hold an Allowed A Claim for example of \$10,000.00, on the first Distribution Date you will paid approximately \$2,637.00. It is anticipated that the amount of the final distribution will be an additional 8% of your claim for a total distribution percentage of approximately 34% of your total claim.

VIII.

MISCELLANEOUS

All distributions made under the Plan will be made by check which will be mailed to the address listed in your claim form or to your new address if you have notified us of a change of address.

Each check will be good for sixty (60) days. After that it will be void so you need to cash it promptly. If something happens and you need to have a new check issued, you will have to make a written request to the Receiver.

By cashing a check sent to you by the Receiver, you will **NOT** be giving up any rights you may have against third parties who you think are responsible for your loss, such as Macatawa Bank. However, once the final distribution is made by the Receiver you will have no further claim against the Receivership Estate.

IX.

CONCLUSION

The Receiver and the Examiner both believe that Plan is the best result that can be achieved under the circumstances and they each ask that you support the Plan. If you do there is nothing more you need to do. If you object, follow the instructions set forth above.

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SPECIAL COUNSEL TO RECEIVER

Legal/Professional Fees	\$ 8,100,000.00
Premiums	\$ 14,000,000.00
Miscellaneous	\$ 1,000,000.00
Remaining Funds on Hand	\$ 50,000,000.00
TPI Operating Expenses	\$ 800,000.00
Emergency Investor Distributions	\$ 1,344,845.00
Court Approved Settlements	\$ 7,983,000.00
Receivership Admin Expenses	\$ 713,000.00

TPI Receivership Financial Status

