

WRITTEN STATEMENT

U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON FINANCIAL SERVICES

OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE FEBRUARY 26, 2002

Ladies and Gentlemen:

I am John Wayne Lazar, 78 years old and a resident of Clinton Township, Michigan. I was born and raised in the Detroit area. I am a widower and I have two sons and five wonderful grandchildren.

I proudly served my country in the Navy between 1943 and 1945. After my military service, I earned a bachelor's degree in industrial engineering from the Lawrence Institute of Technology. For forty years, I worked in the automotive industry in various engineering and management positions. I retired in 1991 and moved to Florida to enjoy the retirement that I worked so hard for.

In approximately 1997, I began reading about viatical settlements. I read articles in the *Wall Street Journal* and even saw a favorable report on *60 Minutes*. I was quite interested in the use of viatical settlements for my retirement investments. I then contacted a number of viatical companies, obtained written material and reviewed the material in detail. Viatical settlements were marketed as safe, secure, guaranteed and humanitarian investments. I was assured that they were safer than CDs and provided a higher rate of return. Furthermore, I was told that an investment in a viatical settlement would assist individuals with AIDS and other terminal illnesses who were in desperate need of financial help during the last days of their life. I was told that this was a "noble" investment.

After carefully reviewing the investment material, I decided to invest nearly all of my retirement savings consisting of approximately \$120,000 in an IRA and \$50,000 in other savings. Because of some lingering uncertainty with this type of investment, I elected to invest this money in Liberte Capital for only one year. I was guaranteed a return of 14% paid in quarterly installments. I received three quarterly interest payments and no more. My principal has never been returned. I have moved back to Clinton Township to be close to one of my sons. I presently live on my monthly social security payment and the interest I am earning as a result of the sale of my home in Florida.

Needless to say, my financial situation has been devastated by the fraudulent activities of Liberte Capital. I am the Class Representative in a lawsuit that has been filed to recoup our investments. My lawyers have advised that, at best, we can expect only a small portion of our investments to be returned. As the Class Representative, I have spoken to Liberte Capital investors across the country.

Most Liberte Capital investors are senior citizens who, like me, invested all or a significant portion of their life savings. Many of these investors have had to sell their homes and move into apartments in order to make ends meet. Other investors have had to return to the workforce. Some investors forego the amenities which they planned for and struggle to afford the necessities of daily living such as utilities, food and medical care. I am attaching to this statement a few letters from investors that accurately portray their situations. I could attach hundreds more of such letters. I am also attaching an article that appeared recently in the Toledo, Ohio newspaper, *The Blade* which explains the devastating impact the fraudulent activities of Liberte Capital have had on a small town in Indiana.

I thank you for the opportunity to appear before you today. On behalf of all of the Liberte investors, I request your help in dealing with this devastating situation.