

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.: 05-21169-CIV-MOORE

MARCELA CORDOVA, et al.,
individually and on behalf of all
others similarly situated,

Plaintiffs,

vs.

LEHMAN BROTHERS, INC., et al.,

Defendants.

**NOTICE OF PENDENCY OF CLASS ACTION,
PROPOSED SETTLEMENT AND FAIRNESS HEARING**

**TO: ALL PERSONS WHO PURCHASED, ACQUIRED OR HELD INVESTMENTS IN OR WITH PENSION FUND OF AMERICA,
KNOWN AS RETIREMENT TRUST PLANS.**

**IF YOU HAVE RECEIVED THIS NOTICE, YOU HAVE ALREADY BEEN IDENTIFIED FROM THE RECORDS OF PENSION
FUND OF AMERICA AS BEING A POTENTIAL CLASS MEMBER**

**THIS NOTICE EXPLAINS YOUR RIGHTS
PLEASE READ IT CAREFULLY**

**THIS IS NOT A LAWSUIT AGAINST YOU.
IT IS THE PARTIAL SETTLEMENT OF A LAWSUIT IN WHICH YOU
MAY BE ENTITLED TO RECEIVE MONETARY COMPENSATION**

I. PURPOSE OF NOTICE

An asserted class action lawsuit has been filed in the United States District Court for the Southern District of Florida on behalf of a class of investors as defined in Section II, below (hereinafter referred to as "Lawsuit"). The plaintiffs in this lawsuit pending before the Honorable K. Michael Moore in the United States District Court for the Southern District of Florida ("Court"), have agreed to a settlement with HSBC Bank USA, N.A., its past and present parents, affiliates, subsidiaries, divisions, officers, directors, agents, consultants, advisors and representatives (hereinafter referred to collectively as "the HSBC Parties"), to resolve all claims related to or in connection with their handling and investment of, or involvement in any way with, any monies invested with Pension Fund of America ("PFA"). The proposed Settlement is with only the HSBC Parties. The Plaintiffs shall continue to pursue all their claims against the other non-settling defendants for their involvement with PFA. The Settlement is described in more detail in Section IV below. The proposed Settlement is subject to approval by the Court at a final approval hearing (the "Fairness Hearing").

The purpose of this Notice is to inform you as a potential member of the Settlement Class (described below) of your rights. The provisions of this Notice are qualified and subject in their entirety to the terms of the Stipulation of Settlement, copies of which are available for review in the manner provided in Section IX below. Capitalized terms used but not defined herein have the meanings given to them in the Stipulation of Settlement.

II. THE SETTLEMENT CLASS

The "Settlement Class" or "Class," which this Court has conditionally certified for the purposes of the Settlement, consists of all persons who purchased, sold, held and/or retained investments in "retirement trust" plans offered by PFA, or its affiliated companies, during the period commencing January 1999 through the present ("Class Period"). **Excluded from the Class are the Defendants, PFA, PFA Assurance, PFA International, Claren TPA, Luis Cornide, Robert de la Riva and all of the Defendants' alter-ego entities, all employees or agents of Defendants and agents of the Defendants' alter-ego entities, all subsidiaries and affiliates of the Defendants, the Defendants' officers, agents, and employees, any agents or brokers (and their immediate family members) who sold or solicited the sale of investments in PFA or PFA Assurance.**

IF YOU ARE COVERED BY ONE OF THESE EXCLUSIONS YOU ARE NOT A PARTY TO THE SETTLEMENT CLASS.

III. BACKGROUND OF THIS LITIGATION

On March 28, 2005, the Securities and Exchange Commission ("SEC") filed a Complaint against PFA and other related entities and individuals, alleging that PFA's sale of retirement trusts was in violation of federal securities laws. On that same day, the Court appointed Thomas Schultz, Esq. as Receiver for PFA and related entities.

On April 21 and 25, 2005, Plaintiffs filed two separate class action complaints against numerous parties in connection with the PFA scheme. These two cases were ultimately combined into one consolidated lawsuit. Plaintiffs subsequently filed a second amended class action complaint against various banking institutions, including HSBC Bank, USA, N.A. and other individuals and entities for violation of federal securities laws related to the PFA scheme. In late 2006, Plaintiffs began negotiations with the HSBC Parties in order to resolve all claims against those Parties related to their handling, investment or involvement with funds invested with PFA.

Class Counsel have met several times with counsel for the HSBC Parties to discuss the potential settlement of this Action. Class Counsel reached a binding settlement with the HSBC Parties ("Settling Parties"), resolving all issues relating to the HSBC Parties handling and investment of, or involvement in any way with, any monies invested with PFA. A written Settlement Agreement was executed on May 2, 2007, and was preliminarily approved by the Court.

Plaintiffs and Class Counsel all have concluded that it would be in the best interests of the Class to enter into the Settlement Agreement with the HSBC Parties because the Settlement would be a fair, reasonable and adequate resolution of this Action. The Settlement requires HSBC to dismiss with prejudice its objections to the Magistrate's R&R regarding the Receiver's Turnover Motion seeking recovery of the \$12.8 million currently held by HSBC in the Master Trust and Brokerage Accounts (the "Turnover Proceeds"). The settlement also calls for the payment by HSBC of an additional \$10.5 million (the "Class Settlement Fund"). Finally, the settlement provides for a Plan of Allocation that provides for the distribution of the Net Class Settlement Fund, \$12.5 million of the Turnover Proceeds and, upon liquidation of, certain other receivership estate assets, which distribution will inure to the benefit of the Settlement Class Members and other Authorized Claimants and avoid prolonged litigation between and among Settlement Class Members and other Authorized Claimants regarding distribution preferences and claim set-offs. By achieving a class settlement with the HSBC Parties relatively early in the litigation, the Settlement Class Members will receive a significant amount of money without the uncertainty, delay, and expense of protracted litigation. Based on their evaluation, counsel for the Plaintiffs have determined that the settlement set forth in this Stipulation is fair, reasonable and adequate and in the best interests of the Settlement Class.

The HSBC Parties, while continuing to deny vigorously Plaintiffs' claims and any liability with respect to such claims, nevertheless recognize the costs and uncertainties attendant upon further litigation of the claims in this Action, and have therefore concluded that it is desirable to enter into the proposed Settlement to avoid further expenses.

IV. PROPOSED SETTLEMENT OF THIS ACTION

After extensive negotiations among the attorneys for the parties in this Action, the parties have agreed to a Settlement of the Action ("Settlement"), subject to final approval by the Court. The parties agree that the Settlement shall not be deemed or construed to be an admission or evidence of any violation of any statute or law or of any liability or wrongdoing or of the truth of any of the claims or allegations in the Action. The terms and conditions of the Settlement are incorporated in a Stipulation of Settlement, which is on file with the Court. The following is a summary description of the Stipulation of Settlement.

Class Settlement Fund

The first financial term of the Settlement is as follows: Upon final approval of this settlement, the HSBC Parties shall pay a total of **TEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$10,500,000)** ("Settlement Fund") to the Class in exchange for a release of all claims asserted against the HSBC Parties, and for other promises and consideration set forth in the Stipulation of Settlement.

The Settlement Fund, net of attorneys' fees and expenses as awarded by the Court, and the net of the expenses for administering the Settlement ("Net Settlement Fund") will be transferred to the Receiver for distribution to the Class pursuant to the Plan of Allocation.

Turnover Proceeds

The second financial term of the Settlement is as follows: upon final approval of this Settlement, the HSBC Parties shall pay over to the Receiver TWELVE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$12,800,000), plus accrued interest, currently held by HSBC in the PFA Master Trust and Brokerage Accounts (the "Turnover Proceeds").

All of the Turnover Proceeds, net of the expenses for administering the Settlement, will be transferred to the Receiver for distribution to the Class pursuant to the Plan of Allocation.

Plan of Allocation

The Plan of Allocation calls for distribution to qualified Settlement Class Members, WHO DO NOT ELECT TO EXCLUDE THEMSELVES FROM THE SETTLEMENT, of the following monies: (1) the Net Settlement Fund (\$10,500,000, less Court awarded fees and expenses, expenses attributable to administration of the Settlement and Taxes); (2) \$12,500,000 of the Turnover Proceeds; and (3) upon liquidation, certain other receivership assets including the Receiver's share of the proceeds of the homes surrendered by the former principals of Pension Plan of America, Mr. Cornide and Mr. De La Riva. These Receivership assets, which will need to be liquidated by the Receiver and are subject to the resolution of certain claims asserted by the IRS, are estimated to be worth somewhere between \$3,000,000 and \$5,000,000. **There is no guarantee being made regarding the final liquidation value of these assets.** However, the full liquidation value will be subject to distribution to qualified Settlement Class Members WHO DO NOT EXCLUDE THEMSELVES FROM THE SETTLEMENT, less no more than \$150,000, which may be needed to satisfy Receivership trade creditors whose claims are allowed by the Court after any objections deemed appropriate are made by the Receiver.

The total amount of the monies to be distributed will be divided equally between two funds. The first fund will be distributed on a pro-rata basis to all qualified Settlement Class Members, WHO DO NOT EXCLUDE THEMSELVES FROM THE SETTLEMENT, and who did not receive any distribution or return of their investment from PFA prior to the appointment of the Receiver. The second fund will be distributed on a pro-rata basis among all qualified Settlement Class Members, WHO DO NOT EXCLUDE THEMSELVES FROM THE SETTLEMENT, regardless of whether they received the prior distribution or return of their investment, and Receivership Creditors whose claims are allowed by the court after any objections deemed appropriate are made by the Receiver. Therefore, those investors who have not received any return of their investment from PFA prior to the appointment of the Receiver will share in distributions from the entire amount to be distributed by the Receiver. Those investors who have already received a partial return or liquidation of their investment from PFA prior to the appointment of the Receiver will share on a pro-rata basis in the distribution of only half of the recovered funds.

After final approval of the Settlement, and 30 days after the Effective Date of the Settlement, the Receiver shall mail a Proof of Claim form to all Settlement Class Members, WHO DID NOT ELECT TO EXCLUDE THEMSELVES FROM THE SETTLEMENT. The form of the proof of claim has been approved by the Court as part of this Settlement. ALL INVESTORS WHO WISH TO SHARE IN ANY OF THE RECOVERIES FROM THE SETTLEMENT WILL BE REQUIRED TO COMPLETE THE PROOF OF CLAIM AND RETURN IT TO THE RECEIVER, ALONG WITH SUPPORTING DOCUMENTATION. The Receiver will verify all claim forms that are submitted and will either confirm the amount of claim or may object.

The exact amount of money that you will receive from the Settlement cannot be determined until all claim forms are submitted and verified. Please note that the proof of claim form will not be mailed until 30 days after the Settlement is approved and the effective date of the Settlement.

Attorneys' Fees and Costs

The award of attorneys' fees to Class Counsel is a matter committed to the sole discretion of the Court. The Settlement provides that Class Counsel will apply for (1) an award not to exceed thirty percent (30%) of the Class Settlement Fund, and (2) reimbursement of their reasonable expenses and costs incurred in connection with prosecuting this Action ("the Fee Request"). **AS PART OF THIS SETTLEMENT, CLASS COUNSEL HAVE AGREED NOT TO SEEK THE AWARD OF ANY FEE FROM THE TURNOVER PROCEEDS TO BE PAID BY HSBC AS PART OF THIS SETTLEMENT.** Any award made by the Court in response to the Fee Request shall be paid solely from the Settlement Fund. The fairness, reasonableness, and adequacy of the Settlement may be considered and ruled upon by the Court independently of any award of attorneys' fees and costs.

V. RELEASE AND DISCHARGE OF CLAIMS

The following is a summary of the Release agreed to by the Settling Parties as part of the Settlement: The HSBC Parties shall be released and forever discharged from all manner of claims, demands, actions, suits, causes of action, damages whenever incurred, and liabilities of any nature whatsoever, known or unknown, in law or in equity, which Class Members, whether or not they make a claim on or participate in the Settlement Fund, ever had, now have or hereafter can, shall or may have, which arise out of the HSBC Parties' handling and investment of, or involvement in any way with, any monies invested with PFA. The full scope of the Release is set forth in the Stipulation.

VI. YOUR RIGHT TO BE EXCLUDED FROM THE SETTLEMENT

If the Settlement is finally approved, you will be bound by the final judgment and release as entered by the Court unless you exclude yourself from the Settlement. Thus, if you are a Class Member, you have a choice whether or not to remain a member of the Class. This choice will have consequences that you should understand before making your decision. **IF YOU WANT TO REMAIN A MEMBER OF THE CLASS AND BE ABLE TO APPLY TO RECEIVE PART OF THE MONIES RECOVERED AS PART OF THIS SETTLEMENT, YOU ARE NOT REQUIRED TO DO ANYTHING AT THIS TIME.** By remaining a Class Member, you cannot assert in any other lawsuit any claims against the HSBC Parties arising out of your investment with PFA. Also, by remaining a Class Member, you will have the opportunity to, at a later date, receive a distribution in accordance with the Plan of Allocation.

IF YOU WANT TO BE EXCLUDED FROM THE CLASS FOR ANY REASON AND DO NOT WANT TO SHARE IN THE MONIES RECOVERED AS PART OF THIS SETTLEMENT, YOU MUST MAKE A WRITTEN REQUEST FOR EXCLUSION FROM THE CLASS AND SEND IT, VIA FIRST CLASS MAIL, TO

HSBC Settlement Exclusion
c/o Ailyn Popowski
Podhust Orseck, P.A.
25 West Flagler Street, Suite 800
Miami, Florida 33130

Your request for exclusion **must be received by no later than July 10, 2007.** It should include (a) the name, address, and telephone number of the Person requesting exclusion; (b) the name, address, and telephone number of the Person who originally purchased the PFA trust plan; (c) each of the Person's acquisitions of a PFA trust plan during the Settlement Class Period, including the dates of purchase or sale, the type of trust plan purchased, the amount of the initial investment, and the amount of the total investment in such plan; (d) any distributions, refunds or other monies received from PFA; and (e) that the Person wishes to be excluded from the Settlement Class. **IF YOU ELECT TO BE EXCLUDED, YOU WILL NOT SHARE IN ANY RECOVERY TO BE PAID TO THE CLASS AS A RESULT OF THE SETTLEMENT OF THIS ACTION, YOU WILL NOT BE ENTITLED TO APPEAR AT THE FAIRNESS HEARING DISCUSSED IN SECTION VII BELOW, AND YOU WILL NOT BE BOUND BY THE RELEASE SET FORTH IN THE STIPULATION OF SETTLEMENT.**

VII. THE FAIRNESS HEARING

The Court has scheduled a hearing to be held on **August 10, 2007 at 10:00a.m.** before the Honorable K. Michael Moore, Judge of the United States District Court for the Southern District of Florida, at the United States Courthouse, Eleventh Floor, Courtroom No. III, 99 Northeast Fourth Street, Miami, Florida 33132, for the purpose of determining whether to: finally approve the terms of the Settlement, approve Class Counsel's motion for attorneys' fees and costs, finally certify the Settlement Class, and such other matters that the Court deems appropriate to consider ("Fairness Hearing"). The time and date of the Fairness Hearing may be continued or rescheduled by the Court without further notice. Furthermore, the Court may approve the proposed Settlement at or after the Fairness Hearing with any modification agreed to by the HSBC Parties and without further notice to the Class.

If you wish to comment in support of, or in opposition to, the Settlement, the Plan of Allocation, or the motion for attorneys' fees and costs, you may do so, but **you MUST first mail your comments and/or objections in writing, postage prepaid, upon Class Counsel and Counsel for the HSBC Parties at the addresses below, and file your comments and/or objections with the Court no later than July 23, 2007.** You must include your name and current address with your comments and/or objections.

ANY PERSON WHO FILES ANY OBJECTION TO THIS SETTLEMENT MUST AGREE TO SUBMIT THEMSELVES EXCLUSIVELY TO THE JURISDICTION OF THIS COURT FOR FINAL DETERMINATION OF THEIR OBJECTION.

If you also wish to be heard at the Fairness Hearing in person or through your own attorney, you or your attorney **MUST file a written Notice of Appearance with the Clerk of the Court for the United States District Court for the Southern District of Florida, 301 North Miami Avenue, Room 150, Miami, Florida 33128, on or before July 23, 2007,** and include a statement of the position to be asserted and the reasons for your position, together with copies of any supporting papers or briefs. Your notice must include in a prominent location the name of the case (*Cordova, et al. v. Lehman Bros., et al.*) and the case number (No. 05-21169-CIV-MOORE). **You MUST also mail a copy of your Notice of Appearance along with all accompanying papers to Class Counsel and Counsel for the HSBC Parties (addresses below).**

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Except as provided herein, no person shall be entitled to contest the terms and conditions of the Settlement, or to object to counsel's motion for attorneys' fees and costs, and persons who fail to object as provided herein shall be deemed to have waived and shall be foreclosed forever from raising any such objections. You need not appear at the hearing in order to object.

VIII. TERMINATION

The Settlement Agreement shall terminate (1) at the option of either party if the Court, or any appellate court(s) modifies or denies approval of any portion of the Stipulation, other than the Plan of Allocation or the award to Plaintiffs' Counsel of any fees or expenses; (2) at the option of either party if a court does not enter and confirm the Final Order of Judgment; (3) at the option of the HSBC Parties in the event that investors representing more than ten percent (10%) of the total dollar amount received by PFA from Settlement Class Members during the period of January 1, 2003 and March 31, 2005 inclusive elect to opt-out of the Settlement.

IX. ADDITIONAL INFORMATION

The above is only a summary of the Settlement. A copy of the Stipulation of Settlement, which includes the Release, as well as other pleadings, are on public file with the Clerk of the Court for the United States District Court for the Southern District of Florida, 301 North Miami Avenue, Room 150, Miami, Florida 33128. In addition, Class Counsel will file with the Court their motion for attorneys' fees and costs as previously described (7) seven days prior to the Fairness Hearing. The Stipulation of Settlement and counsel's motion for attorneys' fees and costs will be available for inspection during normal business hours at the Office of the Clerk.

PLEASE DO NOT CONTACT THE COURT REGARDING THE SETTLEMENT

Dated: June 8, 2007

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA