

EXHIBIT 6

COMPANY DEEP-DIVE

Chairman and Owner of Coventry Believes Industry Scrutiny Needed Amid Concerns Over Abacus Life Settlements' Strategies

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Summary

During the conversation, the expert discussed the life settlements sector's evolution and key factors for investors to consider, highlighting concerns about Abacus Life Settlements' use of Lapetus for life expectancy calculations. They also addressed Abacus' financial strategies, regulatory issues, and conflicts of interest, emphasizing the need for industry scrutiny. The client expressed concerns about a company acquiring and flipping policies, particularly in relation to their acquisition of Carlisle, and inquired about the significance of the company's focus on technology. The expert suggested that the technology may not be unique and profitability from the technology side of the business may not be significant in the near future.

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Expert Bio

Chairman and owner of Coventry, Abacus's main competitor. Recognized as a visionary and one of the most influential people in the life settlement industry, the expert has been one of its chief innovators. An expert on the convergence of life insurance and capital markets and is known as the voice of the life settlement industry. Coventry has created a secondary market for life insurance and transformed the life insurance industry by giving consumers the opportunity to sell their insurance policies in a free market environment. He has worked continuously to expand the power, value, and flexibility of life insurance.

Interview Transcript

Client  00:00:00

Thank you for taking the time to speak with me today. Maybe to start with, if you can provide a bit of a background of the sector, how this came into place. In general, talking about broader landscape, where does Coventry versus Abacus Life Settlements versus other smaller players, how should one think about this sector, and more importantly, how did the sector evolve over the last few years.

Expert  00:00:23

The sector really started about 26, 27 years ago. It was an outgrowth of the viatical industry, which was almost entirely about young men with HIV with very short life expectancies. It evolved starting in 1998 into much larger policies and on generally seniors, average age 75 years, whose health had changed from the time the insurance policy was issued. There was significant value in many, many policies as a consequence of that change in health.

I think the key thing as an investor in looking at this sector and the core is the life expectancy that is used by the investors, the accounting treatment surrounding how the investors value the asset, which is to say the policies, and is it credible. There's no public company that has survived as an ongoing entity that has focused entirely or almost entirely on life settlements. There's four or five that go back to the late 1997, 1998 and then there's been maybe three or four more since then, and all of them have gone bankrupt.

Client 00:01:27

Interesting. Why is that?

Expert 00:01:28

Are you familiar with the accounting treatment for this asset?

Client 00:01:31

Yeah. At least from Abacus Life, I looked at that, which is kind of market at a fair value, which is almost like a mark to model kind of an approach.

Expert 00:01:41

Okay. The problem is an almost insurmountable issue. If you're a public company, you're trying to generate steady progress in your quarterly earnings like any public company. The temptation that creates is to manufacture earnings, which with a Level three asset is an easy temptation to fulfill. Specifically, and these are in public documents what I'm going to say to you, Abacus uses Lapetus as their so-called independent medical underwriting company, not exclusively but primarily.

Based on studies we've done and then have had verified by actuaries at the University of Wisconsin and at Penn State University, a professor and an assistant professor, that Lapetus' life expectancies are shorter than when paired to the other six or seven medical underwriting firms. Life expectancy firms on average by 31 months. Thirty-one months is a staggering number and they were on average shorter over 80% of the time. I think their competitors are shorter when paired with one another, 6% or 7%, of the time. We're way outside multiple standard deviations. It's more acute than what I just said. While on average they're shorter over 80% of the time.

We know from the marketplace Coventry is very well positioned to know this. The policies that are being purchased by Abacus, Lapetus is shorter by over 40 and sometimes 60 or 70 months than the alternative underwriters. To offset that, at least in theory, I've never had a discussion with anybody at Abacus but this is my hypothesis, that's the reason they use a very high discount rate, compared to 12% or 13% discount rate of most funds and others that use fair market valuation accounting for the asset as opposed to the investment method.

If they're successful in selling policies in any great number for an excess of what they value it at, then that would mitigate the fact that they're really getting, if they hold the maturity, a low return. The problem with that is there's other than very small, unsophisticated, frankly stupid investors, nobody's using Lapetus anymore.

They are small investors. It's not hard for Coventry or for Abacus to convince a small investor and say, "Oh, Lapetus is good," but you can't do that with any size. As you probably noticed, the amount of money they're investing each quarter and the amount their inventory grows each quarter is quite substantial. They need to do that in order by way of accounting and unrealized gains is the phrase they use in their 10-K and 10-Q. In order to do that they've got to be using very short life expectancy and it's just a matter of time before they implode.

Now, I can answer more questions, but that's the crust. There's a lot of information I have. I've made this my pet project. I know every public document. I'll give you one example. Abacus has been trying for over a year and a half to get what's called an interval fund approved by the Securities and Exchange Commission. It's a kind of mutual fund that pays out a quarterly dividend. In there, I believe it's November but it's easy to check filing with the SEC, they wrote the following that Lapetus is the most conservative (i.e the longest) life expectancy in the market and they filed it with the SEC.

What I believe will likely happen sometime in the next 35 days, 40 days before the end of June, will be one or more of three things, they do a secondary stock offering to raise money for both the company and the Carlisle investors who are allowed to get out in June that sold, as well as the four principles of Abacus who want to keep selling stock and the market's too thin to do anything other than secondary. I expect that may be one thing they do.

Another thing they might do, but right now they've been trying to get the stock price up through their stock repurchase plan but the market's been fighting them on that, if they don't can't do a secondary, I expect them to consider more baby bonds although interest rates are up so that may not be as attractive.

Now, one lender that's large in the marketplace will lend of loans they've made against Lapetus underwritten policies. The problem with that is the stockholders, the baby bondholders, and even the Cigard loan will be subordinated to the asset-backed debt, which is to say they will all be wiped out when this thing goes upside down.

Client ▶ 00:06:06

It's really interesting. One question which I had is that why are they doing it? Is it just that's the only way they can grow their market share effectively? Yes, you can use someone like Lapetus and essentially you can appear to be more competitive but effectively you are overpaying, essentially. Is that overpaying a way of them trying to gain a lot of market share and then basically see where the stock price goes and people get excited? Obviously, we are hypothesizing here.

Expert ▶ 00:06:34

Rather than speculate, I'd simply say that I don't believe they're credible actors. The goal is to sell as much of their principal stock as they can. I don't believe that anybody, especially because they present themselves as actuarial experts, believes they can sustain this. It's a race.

Client ▶ 00:06:51

Interesting. One thing I definitely found very strange earlier also was you mentioned that they did announce the buyback program and then they did buy back some stock at a higher price and then the company comes out and does a massive equity issue at a lower price. The question was why, what's the point of that?

Expert ▶ 00:07:10

If you followed the trading on the stock on a regular basis, you would have observed that when they did their first stock buyback, the trading would suggest that they did it to strongly induce warrant holders to exercise. They were correct but just not in the amounts I would imagine they expected that would get new money into the company in excess of what they employed to get the stock up.

Once they stopped supporting the stock with the buyback, it went down again. Subsequently, they did a secondary because they didn't raise as much money from the warrants as I think they must have hoped for. That's conjecture on my part but I think it's well founded. They have to keep feeding the company new cash. They have no choice.

There's so many things to look at in terms of what they're doing. It's all about generating immediate earnings, which is being done by buying a policy that on Lapetus prices. Let's say they buy it at what is a 28% return using Lapetus, it may be a 6% return using on average the other underwriters. If they can buy it at 28% and then they mark it up by discounting it at 18%, they show immediate profits.

Client ▶ 00:08:17

I think the third-party scrutiny that they get in public markets completely seems a bit odd and no one actually ask any of these kind of questions. That's the question I had. I think somewhere in 2023 or something or maybe at some time they changed valuing their policy at investment cost to fair value, is that a standard in the industry, say someone like a private company like yourself?

Expert ▶ 00:08:41

You can't do that. Let me explain. When you buy a policy, you have to choose which accounting method you'll use for that policy and you can never change it. Prior to their being public, they used investment method. Once they became public, they stopped using investment method and as far as I know, they've done this on every policy, they went to fair market value, which makes sense because with fair market value you can recognize earnings immediately. With an investment method, you have to wait for the policy to mature for you to sell. They haven't switched on any policies once they've chosen their method.

Client ▶ 00:09:16

That's fine. My question, is there a requirement that because you're a public company and hence any new policy that you acquire has to be on fair value or is that a choice that they made?

Expert ▶ 00:09:27

That's a choice they make.

Client ▶ 00:09:29

Okay. For other market participants like yourself, do you do investment or do you also prefer fair value? In your case, it doesn't really matter.

Expert 00:09:37

It doesn't matter but we do both, not for accounting purposes. Without getting into specifics about our company, we largely use the investment method but we do a fair value calculation because I want to know what my policies are worth. That's not what we do for accounting purposes.

Client 00:09:54

Obviously, if accountants are okay with some of these calculations and they are using someone like Lapetus to prove that they are right, this should be pretty well covered industry. Maybe not buying insurance policies like Americas, but overall any of the life insurance company probably would have to do those kind of calculations. Isn't there some standards around what kind of actuarial tables one has to use? Why is there a lot of discrepancy between various different players?

Expert 00:10:23

The answer is there is a standard and Lapetus doesn't use it. It's called ASOP 48. That's the Actuarial Standards Board and 48 is the recommended way to calculate actual to expected. Lapetus doesn't use that as far as we know. In fact, they couldn't possibly use it, which you'll understand if you read the studies that I just referred to.

Client 00:10:44

I found that. I will read it after the call. That is very interesting. I was not aware of either Lapetus as a company or anything around that.

Expert 00:10:53

I should tell you also that Abacus has a \$1 million investment in Lapetus Solutions, which was disclosed in correspondences with the SEC. The CEO of Abacus was on the board of Lapetus. In industry publications, there are articles about this and once those articles came out, the CEO of Abacus immediately resigned from the Lapetus board.

There's a lot of regulatory issues much of which has been written about in the industry trade publication. It's called the Life Settlement Report and it's published by The Deal. Anyone who's seriously looking at Abacus might want to subscribe to that publication and then do a search of the archives because there's a lot of articles about this.

Client 00:11:35

Okay. One more question which I had is that talk about the fact that most of the policies they acquire, they flip it over some quarter or a short period of time and then they hold only a small portion of that. As you mentioned and it's clear from their report as well that the total number of policies that they own keep on going up a lot.

Expert 00:11:55

Yes. The first part of your statement is not accurate. Notwithstanding that they do say that, it is just not accurate or their amount of policies would not be going up.

Client 00:12:06

Yes. Even when they acquire someone like Carlisle, my initial feeling was that effectively you are getting a large AUM and now you have almost an in-house buyer of your policies. Obviously, there are all sorts of issues around it.

Expert 00:12:20

It goes both directions. They're buying Carlisle policies and they're selling policies to Carlisle. That was disclosed in their 10-Q. Carlisle is another whole discussion.

Client 00:12:30

I came across Abacus just because I looked at Carlisle. I thought that the guy who is buying Carlisle might be a good investment. The more I dug into it, obviously I didn't know any of these details, but my questions were more around the behavior, announcing a buyback, and then issuing the stock, and then keep on buying more and more policies on the balance sheet even after saying those policies are in that flipping model. That all sounded a bit odd to me.

Just lastly, to complete the loop on this, Abacus also talks a lot about their technology side of the business. It's very tiny and the

revenue are very, very small there, but it does take a lot of the portion of their call and they spend enough time on it. How should one think about it? Is it something real or is it something that probably everyone has anyway?

This was more about the technology side of the business. They talk a lot about the technology that they provide to insurance companies. It's a very tiny number but it obviously takes a lot of their time on the call and on their presentations. I just wanted to understand from you, is there anything special there or is it something that pretty much every industry participant would have anyway?

Expert  00:13:43

I don't know whether they've created anything special. I can't imagine they have but it's possible they have. Just to give you an idea, we have our own technology group with maybe a dozen people because our industry is so different and there's very few quality vendors that can make a good enough living that you think they're going to be in business in five or 10 or 15 years.

Those of us who can afford it, which is probably just Abacus and us, create our own systems. We've probably created the same things they have and vice versa to the extent it's special. It's highly specialized. I don't know what market there is for it and having some success. I don't know how much profit it'll generate.

To do tracking for pension plans and insurance companies for their annuities, we've done that just because we created the systems to do it. We've done that for some insurance companies but we found we couldn't make enough money so we stopped. They're trying to build a profit center around that. I can't imagine in the next three years it'll be very material but they certainly have the systems to do that. We have the systems to do it but it's got to be done on a very large scale because insurance companies aren't going to pay very much for it.

Client  00:14:58

It's a very mature industry like the insurance companies, pension funds, although the pension is a proper, very, very mature industry. These kind of systems would have been in place. Thanks a lot for your time and pointing me to all this public information which is always very helpful.