GREG E. LINDBERG

In the News

Counsel For Greg Lindberg Sets The Record Straight On Numerous Errors & Inaccuracies In Recent Wall Street Journal Article

March 1, 2019 / By Raheem Bridgefourth / In the News / Press Release

(Dallas TX, March 1, 2019) Aaron Tobin, counsel to Greg E. Lindberg, issued the following statement in response to media and other inquiries regarding the February 28, Wall Street Journal article:

The Wall Street Journal (WSJ) article contains numerous inaccuracies and errors in fact. As Mr. Tobin wrote to the assistant general counsel of the WSJ last night:

- **Lindberg did not "divert" $2 billion into his alleged private empire. As is the case with insurance companies, money was invested. Diverted misleads the public and implies wrongdoing, and there has been no wrongdoing found.** As your reporters were told in writing: All assets were invested and were invested in middle market loans as originally agreed upon with the NCDOI in 2014. Mr. Lindberg and the Eli team specifically proposed to the NCDOI in 2014 to invest 40% of SNIC's assets in sub-investment grade middle market loans to non-insurance companies where Mr. Lindberg maintains an economic interest and NCDOI explicitly approved this proposal.

- With regard to the European insurance companies referenced in the article, to be clear, no policyholders of Mr. Lindberg's European insurance companies are exposed to affiliated investments.

- **There are numerous inaccuracies with respect to the use of the insurance funds to finance personal assets.** For example, Mr. Lindberg leased an airplane in 2014 — he did not purchase it— before he acquired his first insurance company, and the plane has been used primarily for business purposes. The second airplane, also used primarily for business, was purchased in 2018 and was financed by a third-party lender and no insurance company funds were used in the purchase. No insurance company money was used to purchase Mr. Lindberg's investments in the Idaho and Key West properties, or his boat. And, Mr. Lindberg has never spent a night inside the Morning Mountain house, the Idaho property, or the Key West property. These properties are held as investments and are not personal residences. All of this was communicated to the WSJ in writing.

- **No money was ever invested in "insolvent" affiliates.** A big 4 accounting firm valued all of Mr. Lindberg's material affiliated assets, and another audit firm reported pre-tax net worth of $1.7 billion as of 12-31-17. Another well-known third-party valuation firm reached similar valuations using data as of January of 2018.

- **There was no attempt to use the SPV's to "disguise the flow of money."** Mr. Lindberg and his team were transparent with regulators on the Special Purpose Vehicle ("SPV") structure, as referenced in the article and the

SPVs were implemented with the full approval of the NCDOI. Mr. Lindberg personally invested tens of millions of dollars in capital to enhance the credit quality of these loans.

Mr. Tobin also noted that the WSJ was given the information below over a week ago however chose to omit these important facts when publishing their story:

Mr. Lindberg entered into the insurance industry with the goal of growing a world class life/annuity insurance platform, offering highly competitive products, and providing financial support to protect policyholders. In addition, Mr. Lindberg has invested millions of dollars in developing a state-of-the-art, digital policy administration platform for his US insurance companies' new insurance products. The NCDOI has had a long-standing understanding of Mr. Lindberg's overall investment philosophy.

Three years ago, a senior NCDOI official reported to the NAIC that "Mr. Lindberg continues to maintain the necessary capital and liquidity resources to support the insurance companies and has demonstrated his commitment to the insurance entities within the group through financial contributions."

Since that time, the financial position of Mr. Lindberg and his insurers has improved materially:

(a) Mr. Lindberg's pretax net worth was calculated as of 12-31-17 at $1.7 billion, with valuations provided by a big 4 accounting firm;

(b) Mr. Lindberg has committed to use his entire net worth to backstop his insurance companies, including purchasing over $20 million of defaulted third-party loans and investing further tens of millions of dollars to improve the credit quality of loans from the insurance companies;

(c) There has never been a payment default on a loan from his insurance companies to a company where Lindberg has a significant economic interest;

(d) Mr. Lindberg has invested over $500 million dollars in his insurance companies – with ~$140 million in 2018 alone – so that the insurance companies can maintain strong levels of excess capital. As of December 31, 2018, Mr. Lindberg's US insurance companies have significant excess capital when measured against regulatory levels required under risk-based capital calculations.

Also since 2016, there have been several additional third party valuations performed which show the value of Mr. Lindberg's assets, and the strength of the backstop that Mr. Lindberg provides. Mr. Lindberg has since directed his attorneys to formalize this backstop as a legal guarantee, and that process is underway.

Mr. Lindberg's US insurance companies currently hold over $2 billion of cash, cash equivalents, and liquid bonds, a high percentage of liquid assets. With this large, highly liquid portfolio, combined with the middle market lending program to companies where Mr. Lindberg maintains an economic interest, policyholders have the best of both worlds: strong liquidity from a large liquid portfolio and high inflation-protected yields from middle market loans with a zero payment-default rate. Mr. Lindberg's companies have not sacrificed overall portfolio liquidity or quality in order to achieve superior returns.

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