

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2012-04-30** | Period of Report: **2012-04-26**
SEC Accession No. [0001193125-12-193743](#)

([HTML Version](#) on [secdatabase.com](#))

FILER

Imperial Holdings, Inc.

CIK: **1494448** | IRS No.: **300663473**

Type: **8-K** | Act: **34** | File No.: **001-35064** | Film No.: **12792199**

SIC: **6311** Life insurance

Mailing Address

701 PARK OF COMMERCE
BOULEVARD
SUITE 301
BOCA RATON FL 33487

Business Address

701 PARK OF COMMERCE
BOULEVARD
SUITE 301
BOCA RATON FL 33487
561-995-4200

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) April 26, 2012

IMPERIAL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction
of incorporation)

001-35064
(Commission
File Number)

30-0663473
(IRS Employer
Identification No.)

**701 Park of Commerce Boulevard, Suite 301
Boca Raton, Florida**

(Address of principal executive offices)

33487
(Zip Code)

Registrant's telephone number including area code: (561) 995-4200

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

Item 1.01 Entry into a Material Definitive Agreement.

On April 30, 2012, Imperial Holdings, Inc. (“Imperial”), entered into a Non-Prosecution Agreement (“NPA”) with the United States Attorney’s Office for the District of New Hampshire (the “USAO”) relating to the previously disclosed USAO investigation of Imperial’s premium finance business.

Under the terms of the NPA, the USAO has agreed not to prosecute Imperial for any crimes related to Imperial’s involvement in the making of misrepresentations on life insurance applications in connection with its premium finance business and has agreed not to prosecute Imperial for any potential securities fraud claims related to its premium finance business.

In the NPA, Imperial acknowledged that, in connection with a portion of its retail operation that began in December 2006 and was discontinued in January 2009, in certain circumstances where Imperial employees were also licensed life insurance agents who wrote the underlying insurance policies, Imperial facilitated and/or made misrepresentations regarding premium financing on life insurance applications for elderly individuals and failed to take appropriate precautions to prevent other misrepresentations that may have been made on said life insurance applications by employees, prospective insureds and external agents and brokers.

As acknowledged in the NPA, Imperial has voluntarily agreed to terminate its premium finance business, and terminated certain senior sales staff associated with, and as described more particularly in Item 5.02 below accepted the resignation of a senior officer involved in, the premium finance business. Additionally, under the NPA Imperial has agreed to pay the United States \$8.0 million, to cooperate fully with the USAO’s ongoing investigation and to refrain from and self-report criminal conduct. The NPA has a term of three years, but after two years Imperial may petition the USAO to forego the final year of the Agreement if it otherwise complies with all of its obligations under the NPA. The NPA does not require the appointment of a monitor.

The foregoing description is a summary and does not purport to be a complete description of the NPA. It is qualified in its entirety by reference to the NPA, which is attached hereto and incorporated herein by reference.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On April 26, 2012, Imperial entered into a Separation Agreement and General Release of Claims (the “Separation Agreement”) with Jonathan Neuman, a director of Imperial and Imperial’s president and chief operating officer. As part of the Separation Agreement, Mr. Neuman has resigned as a member of Imperial’s board of directors and as an employee of Imperial. The Separation Agreement calls for Imperial to pay Mr. Neuman a separation payment of \$1.4 million, but in the event Mr. Neuman returns to Imperial as an employee or director, Mr. Neuman will be obligated to repay Imperial the separation payment, net of withholdings. The Separation Agreement does not include a covenant by Mr. Neuman to refrain from competing with Imperial, but does contain customary non-disparagement and non-solicitation provisions. The Separation Agreement provides releases by each party and also obligates Imperial to continue to indemnify Mr. Neuman for his legal expenses substantially in the same manner contemplated by the previously filed Executive Employment and Severance Agreement entered into as of September 29, 2010 (the “Existing Employment Agreement”) between Mr. Neuman and Imperial. In connection with the Separation Agreement, the Existing Employment Agreement and the Voluntary Leave of Absence dated as of January 27, 2012 between Mr. Neuman and Imperial have terminated.

The foregoing description is a summary and does not purport to be a complete description of the Separation Agreement. It is qualified in its entirety by reference to the Separation Agreement, which is attached hereto and incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

As a matter of course, Imperial does not provide financial information except as of the close of its fiscal year or quarter in connection with its periodic reporting obligations. However, in the context of the events described above under Items 1.01 and 5.02, Imperial’s management has furnished the following update:

Giving effect to the \$8.0 million payment to the United States and the \$1.4 million payment to Mr. Neuman described above, management estimates that the Company has cash and cash equivalents on the date of this Current Report on Form 8-K of approximately \$58.0 million, inclusive of \$0.7 million of restricted cash.

The foregoing estimate represents the most current information available to Imperial' s management and, as this is an intra-period estimate, will not be reflected in Imperial' s normal financial closing and financial statement preparation process. As a result, Imperial' s cash and cash equivalents at the end of the second quarter will be different from the estimate furnished above and that difference could be material. Additionally, Imperial' s independent registered public accountants have not compiled, examined or performed any procedures with respect to the foregoing estimate, nor have they expressed any opinion or any other form of assurance on such information, and assume no responsibility for the foregoing estimate.

On April 30, 2012, Imperial issued a press release announcing the signing of the NPA and the Separation Agreement. A copy of the press release is furnished as Exhibit 99.1 herewith.

Item 8.01 Other Events.

As previously disclosed in Imperial' s current report on Form 8-K, filed on February 21, 2012, the staff of the Division of Enforcement of the Securities and Exchange Commission is conducting an investigation (the "SEC Matter") of Imperial to determine whether any violations of federal securities laws have occurred. Imperial is continuing to cooperate with the Securities and Exchange Commission in the SEC Matter, which is not resolved by entry into the NPA.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

- Exhibit 10.1 Non-Prosecution Agreement between Imperial Holdings, Inc. and the United States Attorney' s Office for the District of New Hampshire, dated April 30, 2012.
- Exhibit 10.2 Separation Agreement and General Release of Claims between Imperial Holdings, Inc. and Jonathan Neuman, dated April 26, 2012.
- Exhibit 99.1 Press release issued April 30, 2012.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

April 30, 2012

IMPERIAL HOLDINGS, INC.

(Registrant)

By: /s/ Michael Altschuler

Michael Altschuler

General Counsel and Secretary

EXHIBIT INDEX

Exhibit No.	<u>Description</u>
10.1	Non-Prosecution Agreement between Imperial Holdings, Inc. and the United States Attorney' s Office for the District of New Hampshire, dated April 30, 2012.
10.2	Separation Agreement and General Release of Claims between Imperial Holdings, Inc. and Jonathan Neuman, dated April 26, 2012.
99.1	Press release issued April 30, 2012.



U.S. Department of Justice

United States Attorney
District of New Hampshire

Federal Building
53 Pleasant Street, 4th Floor
Concord, New Hampshire 03301

603/225-1552

April 30, 2012

Maria A. Barton, Esq.
Benton J. Campbell, Esq.
Barry M. Sabin, Esq.
Latham and Watkins LLP
885 Third Avenue
New York, New York 10022

Re: Imperial Holdings, Inc.

Dear Ms. Barton and Messrs. Campbell and Sabin:

On the understandings specified below, the United States Attorney's Office for the District of New Hampshire (the "USAO") will not criminally prosecute Imperial Holdings, Inc. or any of its present or former subsidiaries or affiliates (collectively referred to as "Imperial" or the "Company") for any crimes (except for criminal tax violations, as to which the USAO does not make any agreement) related to the Company's involvement in making and agreeing to make, or aiding and abetting the making of, misrepresentations on life insurance applications in connection with its premium finance business from 2006 through 2011, including the specific conduct described in Appendix A hereto, and potential securities fraud claims related to the premium finance business.

The USAO enters into this Non-Prosecution Agreement based, in part, on the following factors: (a) Imperial's complete disclosure of the facts described in Appendix A; (b) Imperial's self-investigation and cooperation with the USAO to date; (c) Imperial's decision to voluntarily terminate its premium finance business; (d) the fact that Imperial employees who are known at this time to have been primarily responsible for the conduct described in Appendix A are no longer at the Company; (e) Imperial's acceptance of the resignation of a senior officer and termination of senior sales staff involved in the premium finance business; and (f) the negative impact and collateral consequences that charging the Company would have on the Company's employees and shareholders and other business activities that are not part of the USAO's investigation.

It is understood that Imperial admits, and accepts and acknowledges responsibility for, the conduct set forth in Appendix A, and agrees not to make any public statement contradicting Appendix A, provided, however, that nothing in this paragraph precludes Imperial from taking good faith positions in any other contexts, including in any civil litigation or regulatory proceeding.

If Imperial fully complies with the understandings specified in this Non-Prosecution Agreement, the USAO will not bring any criminal case against Imperial based on the conduct of present and former officers, directors, employees, agents, and consultants, related to the Company's involvement in making and agreeing to make, or aiding and abetting the making of, misrepresentations on life insurance applications in connection with its premium finance business from 2006 through 2011, including the specific conduct described in Appendix A hereto, and potential securities fraud claims related to the premium finance business. This Agreement does not provide any protection against prosecution for any crimes except as set forth above, and applies only to Imperial and its present or former subsidiaries and affiliates and not to any other entities except as set forth in this Agreement or to any individuals. Imperial expressly understands that the protections provided under this Agreement shall not apply to any acquirer or successor entities unless and until such acquirer or successor formally adopts and executes this Agreement.

This Agreement shall have a term of three years from the date of this Agreement, except as specifically provided in the following paragraph. It is understood that for the three-year term of this Agreement, Imperial shall: (a) commit no U.S. crimes whatsoever; (b) truthfully and completely disclose non-privileged information with respect to the activities of Imperial, its officers and employees, and others concerning all matters about which the USAO inquires of it, which information can be used for any purpose, except as otherwise limited in this Agreement; (c) use best efforts to identify witnesses who, to Imperial's knowledge, possess material information regarding the matters covered by this Agreement, including all aspects of Imperial's premium financing business as identified in Appendix A, Paragraph 7; and (d) bring to the USAO's attention all criminal conduct by, or criminal investigations of, Imperial or any of its employees that comes to the attention of Imperial or its management, as well as any administrative proceeding or civil action brought by any U.S. or state governmental authority that alleges fraud by or against Imperial. Additionally, two years from the date of this Agreement, provided that it has otherwise complied with its obligations under this Agreement, Imperial may petition the USAO to forego the final year of the Agreement, subject to the provisions of the following paragraph.

Until the date upon which all investigations and prosecutions arising out of the conduct described in this Agreement are concluded, whether or not they are concluded within the three-year term of this Agreement, Imperial shall, with respect to these matters: (a) cooperate fully with the USAO, and any law enforcement agency designated by the USAO; (b) assist the USAO by providing logistical and technical support for any meeting, interview, grand jury proceeding, or any trial or other court proceeding; (c) use its best efforts promptly to secure the attendance and truthful statements or testimony of any officer, agent, or employee at any meeting or interview or before the grand jury or at any trial or other court proceeding; and (d) provide the USAO, upon request, all non-privileged information, documents, records, or other tangible evidence about which the USAO or any law enforcement agency designated by the USAO inquires, including facilitating USAO and law enforcement access to Imperial's non-privileged electronic data and email.

It is understood that, if the USAO in its sole discretion determines that Imperial has committed any crime after signing this Agreement, that Imperial has given false, incomplete, or misleading testimony or information at any time, or that Imperial otherwise has violated any provision of this Agreement, Imperial shall thereafter be subject to prosecution for any violation of federal law of which the USAO has knowledge, including perjury and obstruction of justice. Any such prosecution related to the facts set forth in Appendix A that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against Imperial, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the expiration of the term of this agreement if the term of the Agreement lasts three years or, if the USAO agrees to forego the last year of the term of the Agreement as discussed above, one year beyond the effective date of the USAO's decision. Thus, by signing this Agreement, Imperial agrees that the statute of limitations with respect to any prosecution related to the facts set forth in Appendix A that is not time-barred on the date that this Agreement is signed shall be tolled for the term of three years from the date of this Agreement, as set out in this paragraph.

Upon execution of this Agreement, Imperial agrees to pay a monetary penalty of \$8,000,000.00, in equal amounts to the Federal Bureau of Investigation, the United States Secret Service, and the United States Postal Inspection Service Consumer Fraud Fund, pursuant to instructions provided to Imperial by the USAO under separate cover, by April 30, 2012. Imperial acknowledges that no tax deduction may be sought in connection with this payment.

It is understood that, if the USAO in its sole discretion determines that Imperial has committed any crime after signing this Agreement, or that Imperial has given false, incomplete, or misleading testimony, or has otherwise violated any provision of this Agreement: (a) all statements made by Imperial to the USAO or other designated law enforcement agents and any testimony given by Imperial before a grand jury or other tribunal, whether prior or subsequent to the signing of this Agreement, and any leads from such statements or testimony, shall be admissible in evidence in any criminal proceeding brought against Imperial; and (b) Imperial shall assert no claim under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or any leads therefrom should be suppressed. By signing this Agreement, Imperial waives all rights in the foregoing respects.

It is further understood that this Agreement does not bind any federal, state, local, or foreign prosecuting authority other than the USAO. The USAO will, however, bring the cooperation of Imperial to the attention of other prosecuting and investigative offices, if requested by Imperial.

It is further understood that Imperial and the USAO may disclose this Agreement to the public.

With respect to this matter, from the date of execution of this Agreement forward, this Agreement supersedes all prior, if any, understandings, promises, and/or conditions between the USAO and Imperial. No additional promises, agreements, or conditions have been entered into other than those set forth in this Agreement and none will be entered into unless in writing and signed by all parties.

JOHN P. KACAVAS
United States Attorney

By: /s/ Seth R. Aframe

Seth R. Aframe

By: /s/ Arnold H. Huftalen

Arnold H. Huftalen
Assistant United States Attorneys
United States Attorney' s Office
District of New Hampshire

AGREED AND CONSENTED TO:

Imperial Holdings, Inc.

By: /s/ Michael Altschuler

Michael Altschuler
General Counsel

APPROVED:

By: /s/ Maria A. Barton

Maria A. Barton

/s/ Benton J. Campbell

Benton J. Campbell

/s/ Barry M. Sabin

Barry M. Sabin
Attorneys for Imperial Holdings, Inc.

APPENDIX A

STATEMENT OF FACTS

This Statement of Facts is incorporated by reference as part of the Non-Prosecution Agreement, dated April 30, 2012, between the United States Attorney's Office for the District of New Hampshire ("USAO") and Imperial Holdings, Inc. or any of its present or former subsidiaries or affiliates (collectively referred to as "Imperial"). The USAO and Imperial agree that the following facts are true and correct:

1. Imperial is a specialty finance company headquartered in Boca Raton, Florida and incorporated under Florida law. In February 2011, Imperial held an initial public offering and was listed on the New York Stock Exchange.
2. Prior to February 2011, Imperial was a private limited liability company that was organized on November 29, 2006. At that time, the company's primary business activities involved providing premium financing for life insurance policies and, beginning in 2007, purchasing structured settlements. The senior representatives of Imperial divided primary responsibility for running the premium financing and structured settlement businesses.
3. With respect to the premium finance business, Imperial normally issued loans for the purpose of paying premiums on universal life insurance policies. Most loans typically matured in approximately two (2) years from the loan date. With few exceptions, Imperial obtained funding for the loans from various credit facilities. Between in or about December 2007 and December 2010, Imperial's lenders required that it obtain lender protection insurance coverage for premium loans to ensure that the credit facilities would be repaid in the event a loan defaulted.

4. The stated terms of premium finance loans offered by Imperial typically required either a personal guaranty up to the full extent of the loan or a \$5,000 cash contribution from the insured. In addition the loan agreements provided that (1) the life insurance policy be held in an irrevocable life insurance trust, (2) a professional co-trustee be appointed and (3) the co-trustee be responsible for ensuring that premium payments were made from the proceeds of the loan. At all times during the loan, the policy was owned by an irrevocable life insurance trust for beneficiaries, who were required to be family members of the insured.

5. At loan maturity, the borrower had several options: repay the loan and retain ownership of the policy; sell the policy in the secondary market and use the proceeds to pay off the loan; or default on the loan and relinquish ownership of the policy. In the majority of loans, the borrower defaulted on the payment of the loan and relinquished ownership of the policy under the terms of the loan agreement.

6. Pursuant to Imperial' s business model, Imperial had the opportunity to make money at the beginning as well as the end of the loan transaction. Life insurance carriers normally paid commissions to agents for placing life insurance policies. As a condition to making premium finance loans on insurance policies, Imperial received agency fees that were calculated off of the commissions received by the life insurance agents who wrote the underlying policies. At the end of the loan transaction, in the instances where a loan was repaid by the borrower, Imperial also was paid a substantial origination fee and interest on the loan in addition to the outstanding principal.

7. Imperial financed premiums on life insurance policies that were submitted to the Company through three separate channels. First, Imperial conducted seminars to

market life insurance policies and premium financing to individuals over 65 years old (referred to as the “retail seminar business”). Second, certain Imperial employees who were also licensed life insurance agents worked with external general agents and brokers to obtain life insurance for individuals over 65 years of age from various insurance carriers and premium financing from Imperial (referred to as the “retail non-seminar business”). Finally, Imperial financed premiums on life insurance policies that had been obtained by external agents and brokers (referred to as the “wholesale business”).

8. Imperial engaged in the wholesale business from 2006 through 2011. As part of this business, the Company financed premium finance loans for policies obtained by external agents and/or brokers who assisted prospective insureds in completing life insurance applications and submitting the applications to various life insurance companies.

9. Imperial employees had direct contact with prospective insureds in the retail seminar and the retail non-seminar businesses and those Imperial employees who were also life agents were directly involved in making representations on behalf of the prospective insureds on applications for life insurance from the various carriers. The retail seminar business ended in or about May 2008 and the retail non-seminar business ended in or about January 2009.

10. From December 2006 to January 2009, in connection with its retail non-seminar business, those Imperial employees who were also life agents assisted prospective insureds and external general agents and brokers in completing life insurance applications and submitting the applications to various life insurance companies. During this process, Imperial had direct contact with prospective insureds and/or should have demanded direct access to prospective insureds.

11. At all relevant times, certain insurance companies required that the prospective insured applying for a life insurance policy, and sometimes the agent, disclose information relating to premium financing on applications for life insurance policies. These questions typically required the prospective insured to disclose if he or she intended to seek premium financing in connection with the policy and sometimes required the agent to disclose if he or she was aware of any such intent on the part of the applicant.

12. From December 2006 to January 2009, in connection with the retail non-seminar business, Imperial had a practice of disclosing on applications that the prospective insured was seeking premium financing when the life insurance company allowed premium financing from Imperial. However, in certain instances, Imperial internal life agents facilitated and/or made misrepresentations on applications that the prospective insured was not seeking premium financing when the insurance carrier was likely to deny the policy on the basis of premium financing.

13. To the extent that external agents, brokers and insureds caused other misrepresentations to be made in life insurance applications in connection with the retail non-seminar business from December 2006 to January 2009, Imperial failed to appropriately tailor controls to prevent potential fraudulent practices in this business.

14. From December 2006 to January 2009, in connection with the retail non-seminar business, in the course of the application process, Imperial and external general agents and brokers would mail, fax and/or email some of the forms to insurance companies and would cause the insurance companies to mail, fax and/or email policies and other related forms.

15. As a result, in connection with the retail non-seminar business from December 2006 to January 2009, in certain circumstances, Imperial facilitated and/or made misrepresentations regarding premium financing on life insurance applications for elderly individuals and failed to take appropriate precautions to prevent other misrepresentations that may have been made on said life insurance applications by employees, prospective insureds, and external agents and brokers.

16. In or about January 2009, Imperial discontinued its retail non-seminar business.

SEPARATION AGREEMENT AND GENERAL RELEASE OF CLAIMS

1. **Parties:** This Separation Agreement and General Release of Claims (“Agreement”) is between Jonathan Neuman (“you” or “your”) and Imperial Holdings, Inc. (“Imperial”), a Florida corporation, (collectively with its parent, subsidiaries, affiliates, divisions, related entities, successors and predecessors in interest, assigns, agents, shareholders, officers, , directors, employees, agents and attorneys acting on behalf of Imperial, the “Company”). You and the Company are each hereinafter sometimes referred to individually as a “Party” and collectively as the “Parties.”
2. **Effective Date:** This Agreement shall be effective immediately upon execution of this Agreement by both Parties.
3. **Resignation:** You agree to resign from employment with the Company (including all subsidiaries and affiliates) effective on the date that you sign this Agreement and to submit a formal letter of resignation to the Company in the form attached hereto as Exhibit A. You further agree to resign as a member of the Board of Directors of the Company (including all subsidiaries and affiliates) on the date that you sign this Agreement and to submit a formal letter of resignation to the Board of Directors in the form attached hereto as Exhibit B.
4. **Termination of Executive Employment and Severance Agreement:** The Parties agree that the Executive Employment and Severance Agreement dated September 29, 2010 (hereinafter “the Employment Agreement”) and the Letter of Understanding Concerning Voluntary Leave of Absence dated January 27, 2012 (the “Leave of Absence Agreement”) will both terminate upon the effective date of your resignation from employment (as specified in Section 3 above) and that the rights and obligations of each Party under the Employment Agreement and the Leave of Absence Agreement will be extinguished as of that date. The Parties further agree that the terms of your separation from employment and your relationship with the Company after your resignation shall thereafter be governed by this Agreement.
5. **Bank Accounts, Licenses, and Authority:** After your resignation from the Company (as specified in Section 3 above) the Company no longer has the authority to use your name or your signature stamp for any purpose whatsoever. Within seven days after your resignation of your employment, the Company will notify the appropriate parties, such as its banks and licensors, that you no longer work for the Company and that the Company no longer has the authority to use your name or your signature stamp for any purpose whatsoever.
6. **Separation Payment:** In consideration of your execution of this Agreement and your compliance with its terms and conditions, including, but not limited to, the execution of Exhibits A and B, the Company agrees to pay you the total gross amount of \$1,400,000.00, less required income tax withholding and FICA tax withholding. This amount will be referred to as the “Separation Payment” in this Agreement. You agree that if at any time you should return to the Company as a director, officer, employee, consultant, advisor or in any other capacity, you will return to the Company within ten (10) calendar days of obtaining such position the net amount of the Separation Payment that you received after the required withholding as provided in this paragraph.

The Company will pay you the Separation Payment in a single lump sum payment. The Separation Payment will be deposited in escrow on the date of this Agreement, and will be held in escrow by the Company's counsel, Latham & Watkins LLP. Within three (3) calendar days after the date that you return both this signed Agreement and signed Exhibits A and B to the Company, Latham & Watkins LLP will transfer the Separation Payment to a bank account identified by you. The Separation Payment will be reported on an IRS Form W-2 for 2012.

In the event the Internal Revenue Service or any other taxing authority challenges the Parties' tax treatment of the Separation Payment or otherwise imposes additional taxes on you as a result of the Separation Payment, you shall bear your own risk of the tax consequences and shall hold harmless the Company for tax consequences incurred by you based on the tax treatment of the Separation Payment.

7. **Release of Claims:**

- a. **Claims Released.** In consideration for the Separation Payment described in this Agreement, you release and give up any and all claims, whether known or unknown, which you could make or assert against the Company, from the beginning of time up through the date that you sign this Agreement, except as provided in subsection 7(C) below. This Release includes, but is not limited to:
1. Any and all claims for discrimination, harassment or retaliation under any federal, state, county or other local statute, law, ordinance and regulation. Some examples are: Title VII of the Civil Rights Act of 1964; Americans with Disabilities Act ("ADA"); Genetic Information Nondiscrimination Act ("GINA"); 42 U.S.C. §1981 ("Section 1981"); Fair Labor Standards Act; Florida Civil Rights Act ("FCRA"); Florida Whistleblower's Act; Florida Worker's Compensation Retaliation statute (§440.205, Florida Statutes), and Article VI of the Palm Beach County Code.
 2. Any and all claims concerning leaves of absence under any federal, state, county, or other local statute, law, ordinance and regulation. Some examples are: the Family and Medical Leave Act ("FMLA"); Uniform Services Employment and Reemployment Rights Act of 1994 ("USERRA"); and Florida National Guard leave statute.
 3. Any and all claims under any federal, state, county or other local statute, law, ordinance and regulation, or under the United States and Florida Constitutions.
 4. Any and all claims for breach of contract (express or implied); breach of the Employment Agreement; breach of a covenant of good faith and fair dealing; wages, future wage loss; employee benefits; bonuses or commissions; retaliation; retaliatory or wrongful discharge; negligent

hiring, supervision or retention; defamation, slander or libel; fraud; misrepresentation; intentional or negligent infliction of emotional distress; negligence; assault; battery; attorneys' fees and costs; penalties; damages of all types (e.g., punitive damages, liquidated damages, compensatory damages, and emotional distress damages); and any other claims about or related to your employment with the Company, your separation from employment from the Company or your service as a Director of the Company.

5. Any and all rights or claims to seek or recover money damages or other relief for yourself personally if you file or participate in a charge or complaint with any federal, state, county or other local administrative agency.
 - b. Unknown Claims. You understand that you are releasing claims that you may not know about. You acknowledge that this is your knowing and voluntary intent.
 - c. Claims Not Released. You acknowledge that you are not releasing: any claim that relates to any rights you might have to file a claim for workers' compensation benefits or to vested benefits under any Company sponsored Employee Retirement Plan, such as a 401(k) plan; your right to file an administrative charge with a government agency or to participate, cooperate, assist or testify in an investigation or proceeding with any such charge; any rights or claims that may arise after this Agreement is signed; any rights or claims that by law cannot be released in this Agreement; any rights or claims related to the validity of or to enforce this Agreement; or any rights and claims you might have as a shareholder of the Company.
8. The Company agrees that, in consideration of this Agreement, it hereby waives, releases and forever discharges any and all claims and rights, whether known or unknown, which it ever had, now has or may have against you, based on any act, event or omission occurring before you execute this Agreement arising out of, during or relating to your employment or services with the Company or the termination of such employment or services. This waiver and release includes, but is not limited to, any claims which could be asserted now or in the future, under: common law, including, but not limited to, breach of express or implied duties, wrongful termination, defamation, or violation of public policy; any policies, practices, or procedures of the Company; the Employment Agreement; any federal or state statutes or regulations; any provision of any other law, common or statutory, of the United States, Florida or any applicable state.
- a. Claims Not Released. The Company acknowledges that it is not releasing any rights or claims that may arise after this Agreement is signed; any rights or claims that by law cannot be released in this Agreement; or any rights or claims related to the validity of or to enforce this Agreement.

-
9. **Indemnification**: With respect to your acts or failures to act during your employment in your capacity as an officer, employee or agent of the Company or any of its affiliates, you shall be entitled to indemnification from the Company, and to liability insurance coverage (if any) on the same basis as other officers of the Company. You shall be fully indemnified by the Company, and the Company shall pay your related expenses (including attorneys' fees and expert costs) when and as incurred (and within 30 days of the fees and expenses being invoiced in compliance with the procedure set forth in Section 10 below), all to the fullest extent permitted by law and in advance of the final disposition of any civil, administrative, or criminal suit, action or proceeding, regardless of whether such suit, action or proceeding occurs in a court, administrative, or arbitral forum, including, but not limited to, the pending lawsuits and investigations listed on Exhibit C to this Agreement. Notwithstanding the foregoing, you shall not be entitled to any indemnification if, following any appeal whether compulsory or discretionary, a final judgment or other final adjudication establishes that any act or omission by you was material to the cause of action so adjudicated and that such act or omission constituted: (a) a criminal violation, unless you had reasonable cause to believe that your conduct was lawful or had no reasonable cause to believe that such conduct was unlawful, (b) a transaction from which you personally derived an improper financial benefit that was not disclosed to the Company, or (c) willful misconduct or a conscious and reckless disregard for the best interests of the Company. In addition, if you are adjudged not entitled to indemnification, then you shall repay to the Company the aggregate of all expenses paid by the Company on your behalf under this Section with respect to the act or omission for which indemnification is not available. Repayment shall be made within 30 days, or within such other time as agreed to by the Parties. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction or plea of *nolo contendere* or its equivalent, shall not of itself, create a presumption that you had no reasonable cause to believe that your conduct was lawful.
10. **Reimbursement of Legal Expenses**: To the extent you seek indemnification of expenses (including attorneys' fees and expert costs) pursuant to the provisions of the foregoing Section 9, you agree that you and/or your attorneys will provide invoices of reasonable detail to the relevant insurance carrier providing director and officer coverage ("D&O Carrier"), in a good faith effort to satisfy the requirements of the D&O Carrier. The Parties agree that if the D&O Carrier requires any such invoice to contain descriptive entries regarding the preparation, defense or resolution of the matters for which indemnification is being sought under to Section 9, including, but not limited to the pending lawsuits and investigations listed on Exhibit C hereto, you may mark such invoices as "Privileged Information" and submit such invoices directly to the D&O Carrier. In the event you mark an invoice Privileged Information, you agree to submit a redacted copy of such invoice, without descriptive entries, to the Company at the same time that you submit invoices to the D&O Carrier. For any invoices submitted to the Company prior to the Effective Date of this Agreement for expenses in connection with the matters listed in Exhibit C, you agree to re-submit such invoices directly to the D&O Carrier in the manner described in this Section within twenty (20) days of the Effective Date of this Agreement.
11. **Company Assistance**: The Company has no ongoing obligation to assist, cooperate and/or provide any materials in connection with your defense in any matter, except provided that

for a period of twelve months from the date of this Agreement, you and your attorneys will have access to your emails and electronic data, sent and received, in the same or similar manner in which you have had access to date.

12. **Non-Disparagement**:

- a. You agree that you will not disparage or encourage or induce others to disparage the Company, its senior officers and directors. Nothing contained in this paragraph shall or is intended to preclude you from testifying truthfully pursuant to any valid subpoena, court order, government or regulatory investigation or request, other judicial, administrative or legal process or otherwise as required by law, or from truthfully testifying or providing information in connection with a defense to any state or federal court or regulatory agency. You agree that you will notify the Company in writing as promptly as practicable after receiving any request for testimony or information in response to a subpoena, court order, regulatory request, other judicial, administrative or legal process or otherwise as required by law, regarding the anticipated testimony or information to be provided and at least ten (10) days prior to providing such testimony or information (or, if such notice is not possible under the circumstances, with as much prior notice as is possible).
- b. The Company agrees that its senior officers and directors will not disparage or encourage or induce others to disparage you. Nothing in this paragraph shall or is intended to preclude the Company from providing truthful testimony and information pursuant to any valid subpoena, court order, regulatory request or other judicial, administrative or legal process or otherwise as required by law, or in presenting a defense to any state or federal regulatory agency.
- c. A breach of this provision shall not be considered a material breach of the Agreement.

13. **Non-Solicitation**: For a period of 24 months after the Effective Date of this Agreement, you shall not directly or indirectly, without the prior written consent of the Company:

- a. solicit any existing client of the Company (as of the date of this Agreement) to terminate and/or cancel the client' s relationship with the Company;
- b. solicit any existing vendor of the Company (as of the date of this Agreement) to terminate and/or cancel the vendor' s relationship with the Company; or
- c. solicit, induce or otherwise offer employment or engagement as an independent contractor to, or engage in discussions regarding employment or engagement as an independent contractor with, any person who, as of the date of the Agreement, serves or served as an employee, commissioned salesperson or consultant of the Company, unless such person has either (i) been released by the Company from his or her employment, engagement or other relationship with the Company or (ii) has not otherwise been employed by the Company for a period of at least six months (it being understood that clauses (i) and (ii) shall not affect the Company' s ability to enforce the terms of non-competition agreements entered into by any such person with the Company).

-
14. **Confidential Information.** You acknowledge that during the term of your employment and as a Director, you received and had access to Confidential Information and trade secrets (as defined under applicable law) of the Company. You agree that you will not for a period of twenty-four (24) months after the Effective Date with respect to Confidential Information, and forever with respect to trade secrets, directly or indirectly disclose any Confidential Information or trade secrets to any person or entity, use or disclose any Confidential Information or trade secrets for any purpose, or duplicate (whether on paper or in electronic or digital format) any Confidential Information for any purpose.
- a. For purposes of this Section, the term “Confidential Information” shall mean ideas, information, knowledge and discoveries, whether or not patentable, that are not generally known in the trade or industry and about which you have knowledge as a result of your past or present participation in the business of the Company and/or your past or present employment with or other relationship with the Company, including without limitation: products engineering information; marketing, sales, distribution, pricing and bid process information; product specifications; manufacturing procedures; methods; business plans; strategic plans; marketing plans; internal memoranda; formulae; trade secrets; know-how; research and development programs and data; inventions; improvements; designs; sales methods; customer or prospective customer, supplier, sales representative, distributor and licensee lists; mailing lists; customer usages and requirements; computer programs; employee compensation information; employee performance evaluations and employment-related personnel information; and other confidential technical or business information and data.
 - b. Notwithstanding the foregoing, you may disclose Confidential Information at such times, in such manner and to the extent such disclosure is required by court order or valid subpoena, on the condition that (i) you provide the Company with prior ten (10) day written notice of such anticipated disclosure so as to permit the Company to seek a protective order or other appropriate remedy; (ii) limit such disclosure to what is strictly required and (iii) attempt to preserve the confidentiality of any such Confidential Information so disclosed.
 - c. The foregoing restrictions on Confidential Information do not apply to its disclosure to your attorneys and related professionals or to its disclosure or use in connection with your defending any claims against you, or asserting or maintaining any positions in connection with the pending lawsuits and investigations listed on Exhibit C to this Agreement or other matters in which you are a party, provided that you use your best efforts to maintain the confidentiality, or limit the use and disclosure, of such Confidential Information.
15. **Integration:** This Agreement contains the entire agreement of the Parties with respect to the subject matter of this Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the Parties with respect to your employment by and separation of employment from the Company, and all such agreements shall be void

and of no effect. Each Party to this Agreement acknowledges that no representations, inducements, promises, or agreements, oral or otherwise, have been made by any Party, or anyone acting on behalf of any Party, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement will be valid or binding. The Parties agree that the Agreement shall be construed as if the Parties jointly prepared it so that any uncertainty or ambiguity shall not be interpreted against any one Party and in favor of the other. This Agreement cannot be amended, supplemented or modified except through a subsequent written document agreed to and signed by both Parties. Nothing in this Agreement, including releases in Sections 7 and 8, is intended to release, affect, modify, or waive your rights to D&O Insurance or related coverage, or to discharge or modify the Parties' obligations arising under this Agreement.

16. **No Admission:** This Agreement is not intended, and shall not be construed, as an admission that either you or the Company have violated any federal, state or local law (statutory or decisional), ordinance or regulation, breached any contract or committed any wrong whatsoever.
17. **Arbitration:** Any controversy or claim arising out of or relating to this Agreement or the breach thereof, shall, to the fullest extent permitted by law, be settled by arbitration in a forum and form agreed upon by the Parties or, in the absence of such an agreement, under the auspices of the American Arbitration Association ("AAA") in Palm Beach County, Florida in accordance with the Employment Dispute Resolution Rules of the AAA, including but not limited to, the rules and procedures applicable to the selection of arbitrators. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Notwithstanding the foregoing, this Section shall not preclude either party from pursuing a court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate; provided that any other relief shall be pursued through an arbitration proceeding pursuant to this Section.
18. **Prevailing Party:** The prevailing party in any action to enforce this Agreement is entitled to payment of a reasonable attorney's fee and all costs, including appellate fees and costs, related to the action as determined by the arbitrator or a court in any such action.
19. **Governing Law:** This Agreement shall be construed in accordance with the laws of the State of Florida. Should any provision of this Agreement be declared or determined by an arbitrator or any court of competent jurisdiction to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and said illegal or invalid part, term or provision shall be deemed not to be a part of this Agreement and all other valid provisions shall survive and continue to bind the Parties.
20. **Counterparts:** This Agreement may be signed in counterparts, each of which will be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

21. BY SIGNING THIS AGREEMENT, YOU ACKNOWLEDGE THAT YOU HAVE HAD THE OPPORTUNITY TO CONSULT WITH AN ATTORNEY OF YOUR CHOICE; THAT YOU HAVE CAREFULLY REVIEWED AND CONSIDERED THIS AGREEMENT; THAT YOU UNDERSTAND THE TERMS OF THE AGREEMENT; AND THAT YOU VOLUNTARILY AGREE TO THE TERMS OF THE AGREEMENT.

JONATHAN NEUMAN

IMPERIAL HOLDINGS, INC.

/s/ Jonathan Neuman

By: */s/ Michael Altschuler*

Jonathan Neuman

Name: Michael Altschuler

Dated: 4/26/12

Title: General Counsel & Secretary

Dated: 4/26/12

EXHIBIT A

April 26, 2012

Board of Directors
Imperial Holdings, Inc.
701 Park of Commerce Blvd., Suite 301
Boca Raton, FL 33487

Re: Notice of Resignation

Board of Directors:

Pursuant to our discussion, this is my official notification that I am resigning, effective immediately, from my positions as President and Chief Operating Officer of Imperial Holdings, Inc. (the "Company") and any positions held with subsidiaries of the Company, as applicable.

Very truly yours,
Jonathan Neuman

EXHIBIT B

April 26, 2012

Board of Directors
Imperial Holdings, Inc.
701 Park of Commerce Blvd., Suite 301
Boca Raton, FL 33487

Gentlemen:

Pursuant to our discussion, this is my official notification that I am resigning, effective immediately, from the Board of Directors of Imperial Holdings, Inc.

Very truly yours,
Jonathan Neuman

EXHIBIT C

Certain Proceedings

1. Grand jury investigation conducted by the United States Attorney's Office for the District of New Hampshire.
2. The investigation by the United States Securities and Exchange Commission ("SEC") relating to the subpoena served by the SEC on the Company or about February 17, 2012, referenced in the Company's Form 8-K filed on February 21, 2012.
3. *Martin J. Fuller, et al. v. Imperial Holdings, Inc., Antony Mitchell, Richard J O'Connell, Jr., Jerome A. Parsley, Jonathan Neuman, David A. Buzen, FBR Capital Markets & Co., JMP Securities LLC and Wunderlich Securities, Inc.*, pending in the United States District Court for the Southern District of Florida, Case No. 9:11-cv-81184.
4. *City of Roseville Employees Retirement System, et al. v. Antony Mitchell, Richard J, O'Connell, Jr., Jerome A. Parsley, Jonathan Neuman, David A Buzen, FBR Capital Markets & CO., JMP Securities LLC and Wunderlich Securities, Inc.*, pending in the United States District Court for the Southern District of Florida, Case No. 9:11-cv-81300.
5. *Richard Sauer and Francis Sauer, et al. v. Antony Mitchell, Richard J: O'Connell, Jr., Jerome A. Parsley, Jonathan Neuman, David A Buzen, FBR Capital Markets & Co., JMP Securities LLC and Wunderlich Securities, Inc.*, pending in the United States District Court for the Southern District of Florida, 9:11-cv-81282 .
6. *Norman Pondick, et al. v. Antony Mitchell, Richard J. O'Connell, Jr., Jerome A. Parsley, Jonathan Neuman, David A. Buzen, FBR Capital Markets & Co., JMP Securities LLC and Wunderlich Securities, Inc.*, pending in the United States District Court for the Southern District of Florida, 9:11-cv-81347.



April 30, 2012

Imperial Holdings Announces Resolution of Department of Justice Investigation

- Company Avoids Prosecution, Exits Premium Finance Business, Agrees to Pay \$8 Million Penalty -

- Jonathan Neuman, President and COO, Resigns from the Company and Relinquishes Board Seat -

BOCA RATON, Fla., April 30, 2012 - Imperial Holdings, Inc. (NYSE: IFT) (“Imperial” or the “Company”), a specialty finance company with a focus on providing liquidity solutions to owners of illiquid financial assets, announced today that the Company and the U.S. Attorney’s Office for the District of New Hampshire (“USAO”) have entered into a Non-Prosecution Agreement (“NPA”) relating to the USAO’s investigation into the Company’s premium finance business.

Under the terms of the NPA, the USAO has agreed not to prosecute Imperial for any crimes related to Imperial’s involvement in the making of misrepresentations on life insurance applications and has agreed not to prosecute Imperial for any potential securities fraud claims related to its premium finance business. As part of the NPA, Imperial acknowledged that, in connection with a portion of its retail operation that began in December 2006 and was discontinued in January 2009, in certain circumstances where Imperial employees were also licensed life insurance agents who wrote the underlying insurance policies, the Company facilitated and/or made misrepresentations regarding premium financing on life insurance applications for elderly individuals and failed to take appropriate precautions to prevent other misrepresentations that may have been made on life insurance applications by employees, prospective insureds and external agents and brokers. The Company has also agreed to pay a penalty of \$8 million. The NPA has a term of three years, although Imperial may petition the USAO after two years to forego the final year of the Agreement if it otherwise complies with all of its obligations under the NPA. The NPA does not require the appointment of a monitor and does not resolve the previously disclosed investigation of the Company by the staff of the division of enforcement of the Securities and Exchange Commission.

Imperial also announced today that it has executed a separation agreement with its President and COO, Jonathan Neuman. Under terms of the agreement, Mr. Neuman has stepped down from the Company's board of directors and is no longer an employee of Imperial. Mr. Neuman had been on a leave of absence from his position as President and COO since January 30, 2012.

Antony Mitchell, chairman and chief executive officer, commented: "Today marks a tremendous step forward for Imperial with the resolution of the Department of Justice's investigation into the Company without any charges. The Company took the necessary internal steps to get to this point and the resolution represents a critical turning point for Imperial going forward. I want to personally thank our employees, stakeholders and the Board of Directors, who remained committed to the company during this difficult period."

Mr. Mitchell concluded, "During the past several months we have been focused on working through the Department of Justice's investigation all the while maintaining as much of the Company's value and organizational infrastructure as possible. While we are exiting the premium finance business, our paramount focus is to rebuild shareholder value through the life settlements and structured settlements business segments we continue to serve. While we still have challenges to overcome, we are absolutely committed to enhancing shareholder value and taking the necessary steps to unlock the true value of the entire organization."

About Imperial Holdings, Inc.

Imperial is a leading specialty finance company that, through its operating subsidiaries, provides customized liquidity solutions to owners of illiquid financial assets. Imperial's primary operating units are Life Finance and Structured Settlements. In its Life Finance unit, Imperial purchases and sells life insurance policies. In its Structured Settlements unit, Imperial purchases from individuals long-term annuity payments issued by highly rated U.S. insurance companies. More information about Imperial can be found at www.imperial.com.

Safe Harbor Statement

This press release may contain certain "forward-looking statements" relating to the business of Imperial Holdings, Inc. and its subsidiary companies. All statements, other than statements of historical fact included herein are "forward-looking statements." These forward-looking statements are often identified by the use of forward-looking terminology such as "believes," "expects" or similar expressions, and involve known and unknown risks and uncertainties. Although Imperial believes that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. Investors should not place undue reliance on these forward-looking

statements, which speak only as of the date of this press release. Imperial' s actual results could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including those discussed in Imperial' s periodic reports that are filed with the Securities and Exchange Commission and available on its website at www.sec.gov. All forward-looking statements attributable to Imperial or persons acting on its behalf are expressly qualified in their entirety by these factors. Other than as required under the securities laws, Imperial does not assume a duty to update these forward-looking statements.

Company Contact:

David Sasso

Imperial Holdings, Inc.

Director- Investor Relations

561.672.6114

IR@imperial.com

www.imperial.com