

CAUSE NO. D-1-GV-10-000454

STATE OF TEXAS,	§	IN THE DISTRICT COURT OF
	§	
Plaintiff,	§	
	§	
v.	§	
	§	
RETIREMENT VALUE, LLC,	§	
RICHARD H. “DICK” GRAY, HILL	§	
COUNTRY FUNDING, LLC, a	§	
Texas Limited Liability Company,	§	
HILL COUNTRY FUNDING, a Nevada	§	TRAVIS COUNTY, TEXAS
Limited Liability Company, and	§	
WENDY ROGERS,	§	
	§	
Defendants,	§	
	§	
AND	§	
	§	
KIESLING, PORTER, KIESLING, &	§	
FREE, P.C.,	§	
	§	
Relief Defendant.	§	126 th JUDICIAL DISTRICT

**TENTH APPLICATION FOR FEES
BY THE RECEIVER AND RECEIVER’S COUNSEL**

Eduardo S. Espinosa, court-appointed temporary receiver for Retirement Value, LLC, files his tenth application for fees incurred by the Receiver and his counsel, K&L Gates, LLP covering the month of December 2011.

BACKGROUND

To assist the Receiver in the performance of these duties, the Agreed TI authorizes the Receiver to “to hire employees, contractors, consultants, accountants, attorneys, legal assistants, or other assistants under terms to be determined by the Receiver, whose services in the sole discretion of the Receiver, are necessary for an efficient and accurate administration of the receivership estate.” Agreed TI at 14, ¶8. To that end, the Receiver has retained the law firm of

K&L Gates, LLP to represent him in connection with this case, to assist him in the performance of his duties and to prosecute or defend litigation on behalf of Retirement Value.¹

By its Order Regarding the First Application for Fees by the Receiver and Receiver's Counsel entered on October 26, 2010 (the "Fees Order"), the Court modified the basis by which the Receiver and his counsel are paid. Pursuant to the Fees Order, the Receiver shall charge an hourly rate of \$320 per hour and the Receiver's counsel shall discount its rates by 9.5% from its then current hourly rates in effect as of the time services are rendered, beginning on August 1, 2010. Fees Order at 2. Moreover, the Receiver and his counsel are to submit to the Court and to the parties of record their request for payment of fees. If no party of record files an objection to the request for payment within ten days from the filing of the request for payment, then the Receiver shall pay the amount of the request from funds he holds in the receivership estate. Any objection must state with specificity the particular items of the Receiver's request to which the objection is made. If an objection is made, the Receiver shall not pay the contested portion of the invoice until a hearing has been held on the objection, but the Receiver may pay the portions of the request to which no objection is made. *Id.*

APPLICATION FOR PROFESSIONAL FEES

By this Application, the Receiver seeks approval from the Court to pay from the assets of the Receivership the fees incurred by the Receiver and his counsel, K&L Gates, LLP, for services rendered during the month of November 2011. The Receiver has incurred fees of \$30,048.00 during the period covered by this Application. He has retained the legal services of K&L Gates, which has incurred fees of \$64,090.40 for the month covered by this Application.

¹ The Receiver has also retained other professionals to assist him. An application to pay the fees of those professionals is the subject of a separate application.

Affidavit of Eduardo S. Espinosa (“Espinosa Affid.”) at ¶¶10-11 (attached as Exhibit 1). While substantial, these fees were both reasonable and necessary.

The fees charged by the Receiver and his counsel represent a discount of 21.28% from the usual and customary fees charged by K&L Gates. As a general matter, the charge for the services provided by K&L Gates is determined by multiplying the total number of hours worked by each timekeeper by that timekeeper’s billing rate. *Id.* at ¶6. In this case, the billing rate of each timekeeper was discounted from the usual and customary rates charged by K&L Gates. The Receiver is charging \$320/hour, which represents a 30% discount from his usual and customary rate of \$455/hour. In addition, K&L Gates has discounted its rates by 9.5% and further discounted its bills by approximately \$6,042. In the aggregate the discounts and write-offs associated with this Fee Application amount to \$25,445.86. Espinosa Affid at ¶6. The chart below summarizes the fees charged and the discounts applied.

Invoice Summary	
Services Rendered in:	November
Fees Requested	
Matter .00001	\$94,138.40
Bankruptcy	\$0.00
Matter .00003	\$0.00
Total	\$94,138.40
Receiver Incurred	\$42,724.50
Receiver Billed	\$30,048.00
Receiver adj	(\$12,676.50)
KLG Incurred	\$76,859.76
KLG Billed	\$64,090.40
KLG (9.5%) adj.	(\$6,727.72)
Write-offs	(\$6,041.61)
Total Adj	(\$25,445.86)

I. What Have We Accomplished During This Period

During the period covered by this Application, the Receiver and his counsel devoted substantial attention to the prosecution of claims by the estate, to the refinement of a plan that is

anticipated to repay the investors 100% of the amount invested and analyzing and validating the viability of alternative plans that have been and are being proposed. The significant tasks during this time period include, without limitation:

- Maintaining investor communications, including responding to inquiries regarding this matter, the class settlement with Kiesling, Porter, Kiesling & Free, and the Receiver's Report;
- Attending to the preservation of the estates' assets, including coordination of various accounting matters, funds management, and payment of premiums;
- Engaging in discussions with various capital sources regarding potential transactions by which to increase the portfolio's returns, reduce its risk and accelerate distributions to the investors;
- Conducting and responding to due diligence inquiries regarding the potential transactions discussed above;
- Analyzing regulatory issues associated with the alternative transactions and their potential structures;
- Analyzing, contrasting and reconciling various alternative plans of distributions;
- Preparing the Receiver's Report dated as of December 31, 2011 and the Proposed Plan of Distribution filed with this Court on January 3, 2012;
- Responding to inquiries from federal, state, county and municipal taxing and law enforcement authorities;
- Successfully arguing at the hearing on the State's and Receiver's motions for summary judgment that the instrument sold by Retirement Value was a security;
- Conveying and collecting the post-approval deliverables associated with the Dick Gray's settlement; including successfully removing an abstract of judgment that attached to the Gray's residence in November of 2011;
- Negotiating terms and conditions surrounding the potential consolidation of Retirement Value's and Hill Country Funding's estates with HCF's receiver;
- Responding to various motions by defendants, intervenors and third parties; including without limitation, motions seeking to (i) appeal the Partial Summary Judgment, (ii) abate these proceedings; (iii) challenge the Receivership;
- Coordinating and supervising the prosecution of third party claims with the estate's contingency fee counsel; and

- Defending the estate against Ms. Moss' employment claims.

The Receiver initially undertook to investigate the business of Retirement Value, to collect the assets readily available to it and to put in place interim measures to protect the value of those assets. That work is complete. The Receiver is currently working on two major initiatives. The first initiative is to develop and execute upon a long-term plan for the portfolio of insurance policies that maximizes the value of those policies. The second initiative is to resolve and collect upon the substantial claims that the estate has against various parties.

The key variable to the estate's success and ultimately restitution to the investors is the performance of Retirement Value's portfolio of insurance policies. Maximization of the portfolio's value depends upon the policies' expected cash flows (premiums paid and benefits received) and the portfolio's structure. The Receiver has developed a plan of distribution and a plan for maximizing the value of the portfolio. Based on his research and the results of the actuarial analysis prepared by his consultants, the Receiver believes that the best course of action is to consolidate the portfolio so that all claimants share in all of the assets of the estate and to hold the insurance policies until a substantial number of the policies have matured.²

A. Proposed Plan of Distribution

In May 2011, the Receiver prepared a report describing the actuaries' findings and discussing his recommended plan. He also (i) prepared a formal plan of distribution (the "Initial Plan") and posted it for comment and (ii) filed a motion with the Court to approve the Initial Plan. The Initial Plan anticipated a return to the investor-victims of approximately 100% of their investment plus or minus 20%, over the portfolio's life. In addition, the Initial Plan provided for a distribution of approximately 10% of the investor-victims initial investment upon completion

² The Receiver's view may change depending upon the progress of the discussions that are ongoing with various capital sources discussed below.

of a proof of claim process. The involuntary bankruptcy filing on August 12, 2011, preempted Court's consideration of the Initial Plan, which was scheduled to be heard on August 15, 2011.

While he was preparing the Initial Plan of distribution, the Receiver was also discussing (in person, in writing and by telephone) alternative strategies for monetizing the portfolio for the benefit of the investors with several capital sources.³ Early on the Receiver established the criteria for extending serious consideration to an alternative plan to be that such alternative plan must provide: (i) more money, (ii) less risk, or (iii) accelerated distributions to the investors; and preferably all three. The capital sources ranged from private individuals, investment banking firms and a mutual fund advisor. Several different groups entered into non-disclosure agreements with the Receiver to facilitate discussions and a data room was created so that potential capital sources could conduct due diligence. The Receiver also consulted with the Intervenor's about certain of these options. Of all the alternative plans considered, only one of which has advanced sufficiently far to merit serious consideration at this time. Pursuant to this Court's order, the Receiver proposed a plan of distribution on January 3, 2012 (the "Proposed Plan").

The Proposed Plan is an iteration of the Initial Plan. The Initial Plan provided for: (i) approximately 10% of the investor-victims to be immediately distributed; (ii) distributions of free cash flow in excess of reserve requirement throughout the life of the portfolio; and (iii) an expected return of 100% of the investor-victims money, plus or minus 20% over the life of the portfolio. In short, the Proposed Plan is a continuation of the "hold until maturity strategy" but avails itself of an existing fund specializing in longevity assets to increase diversification and reduce the risks associated with the portfolio. The Proposed Plan yields: (a) an increased initial

³ As of August 2011, none of these discussions had progressed far enough to be considered a viable option and none presented any basis for delaying consideration of the Initial Plan.

distribution, of about 18%; (b) increased interim distributions due to the estate's significantly lower cash reserve requirements; (c) a broader base of comparable-to-superior longevity assets that substantially increasing the estates diversification promoting the benefits associated with the law of large numbers; and (d) a reduction in years-to-maturity of about 33%.

B. Collection Efforts

The Receiver and his counsel are also working to collect on claims owed to the estate. The Receiver has filed suit against David and Elizabeth Gray (former owners of Retirement Value) to recover the substantial sums of money paid to them by Retirement Value. In addition, the Receiver engaged in negotiations with various other parties, including some licensees, towards the settlement of the estate's claims against them and made demand upon the various licensees who sold investments in the RSLIP. George & Brothers, LLP, on behalf of the Receivership, has filed suit against licensees and others to collect amounts owed to the estate.

Because of the expense and risk inherent in litigation, the Receiver is taking a deliberate approach towards the claims of the estate. Generally, the Receiver attempted to engage in negotiations with those against whom the estate had claims, rather than immediately filing suit. Moreover, the Receiver concentrated his initial efforts on claims that were either the most likely to succeed or which provide for the largest potential recovery, including engaging in mediation with certain parties. This tactic resulted in considerable success, including settlements with Bruce Collins (reached without filing suit), Kiesling Porter (also reached without filing suit) and Dick Gray (reached before trial) worth some \$1.7 million. After consultation with the State and the Intervenors, the Receiver decided to retain contingency fee counsel to prosecute claims against the licensees.

The Receiver has retained the law firm of George & Brothers, LLP, on a contingency fee basis, to prosecute claims against the licensees.⁴ In August 2011, George & Brothers filed suit against more than 50 licensees and others owing money to the estate. In addition, it has begun to send demand letters to the remaining licensees and others in an effort to collect additional amounts on behalf of the estate. Licensees failing to respond to the demand letters will likely be joined in the suit. As of the date of this application the Court has approved over \$_____ in negotiated settlements with third party licensees who participated in the distribution of Retirement Values' RSLIPs. Attorneys at K&L Gates will continue to assist George & Brothers and to supervise their work in this matter.

II. What Work Remains to Be Done

While a substantial portion of the Receiver's work has been completed, work remains to be done. At this point, our work can be divided into three categories: (i) litigation of claims by the estate against third parties; (ii) resolution of claims against the estate, and (iii) investigation and development of options to the plan that the Receiver proposed in May of 2011.

The litigation of claims by the estate has been largely outsourced to contingency fee counsel. K&L Gates will continue to have a role in these matters. The Receiver is the plaintiff in these claims and the firm will assist him in supervising the contingency fee lawyers. In addition, lawyers at K&L Gates will continue to assist the contingency fee lawyers in developing the case. As the case progresses and contingency fee counsel develop the institutional knowledge that K&L Gates already possess, we anticipate that the need for assistance from K&L Gates will be minimal.

⁴ The Receiver will pay reimbursable expenses up to \$50,000 out of pocket and any additional expenses will be paid out of any recovery from the licensees.

The resolution of claims against the estate relates mainly to the finalization of the plan of distribution and to the determination of the claims held by various persons against the estate. As discussed above, various groups of investors and others are engaged in disputes with the Receiver (which really means the other investors) over the proper manner in which to divide the estates assets among the investors. Although the various groups are differently situated, each wants the same thing – to have their claims treated preferentially to those of the other investors. Moreover, the Receiver believes that certain investors, most notably those investors who are also licensees, should recover less than they would otherwise be due because they have already received money from Retirement Value. We anticipate that those investors may well disagree with our position. In addition, given the state of Retirement Value’s records, we anticipate that there are claimants whom we have not identified and some claimants whose claims may be larger than our records currently reflect. Resolution of these issues will require further litigation before the court.

A number of people and companies have proposed various strategies for monetizing the portfolio to provide money to be distributed to the investors. Most of these have declined to move forward after seeing the Receiver’s plan which provided greater returns than they were promising. Several remain, however. Two of these have progressed to the point where we anticipated receiving definitive proposals. Our discussions with Vida Longevity Fund progressed to the point where terms and conditions that would support the Receiver’s recommendation were negotiated. The other failed to deliver a substantive proposal in a timely manner that would enable any adequate vetting by the Receiver or his recommendation thereof. Any proposal received will require extensive vetting. The Receiver will need to analyze the economics of the proposal (including modeling the insurance policies to be included), conduct a

legal, tax and regulatory analysis of the proposed transaction,⁵ and perform due diligence on the various parties who would be involved in the proposal on a go-forward basis. In addition, any alternative to the plan would require the drafting and negotiation of transaction documents as well as a new order implementing the plan. We have filed a budget discussing the costs related to these tasks in greater detail.

ARGUMENT

The Receiver's administrative costs, including his fee and that of his counsel, are to be paid out of the funds and other assets of the estate. These costs are considered costs of court and have priority over all other claims against the estate. *Jordan v. Burbach*, 330 S.W.2d 249 (Tex. Civ. App. – El Paso 1959, writ ref'd n.r.e.); also TEX. CIV. PRAC. & REM. CODE §64.051. The Court should consider the reasonableness of the fees requested by both the Receiver and counsel.⁶

In evaluating the reasonableness of the fees, the Court should consider the following factors: (1) the time and labor involved, the novelty and difficulty of the questions involved, and the skill required to perform the legal services properly; (2) the likelihood that the acceptance of the particular employment will preclude other employment by the lawyer; (3) the fee customarily charged in the locality for similar legal services; (4) the amount involved and the results obtained; (5) the time limitations imposed by the client or the circumstances; (6) the nature and length of the professional relationship with the client; (7) the experience, reputation, and ability of the lawyer or lawyers performing the services; and (8) whether the fee is fixed or contingent

⁵ Because of there are more than 900 investors and the primary assets involved are policies of life insurance, every proposal that has been proposed presents significant tax and securities law issues.

⁶ The Receiver has not acted as his own counsel; therefore all of his time is billed at his "Receiver" rate as opposed to a higher rate for his services as an attorney. Espinosa Affid. at ¶4.

on results obtained or uncertainty of collection before the legal services have been rendered. *Arthur Andersen & Co. v. Perry Equip. Corp.*, 945 S.W.2d 812, 818 (Tex. 1997).⁷ These factors support the award of the requested fees.

Time, labor, skill & complexity. By its nature, a receivership proceeding is unique and complicated. As discussed above, this receivership is particularly complicated due to its size, the assets involved, the poor record keeping of Retirement Value and the sheer number of people involved (900 investors, 1,000 licensees, 18 insurance companies and several banks). To properly administer the estate requires a high degree of skill and diligence. Moreover, the Receiver and his counsel have had to devote significant time to this matter. The exact time expended and work performed by the Receiver and his counsel are shown on the invoices attached to the Espinosa Affidavit. In addition, the Receiver's Initial Report and his April 2011 Report and these fee applications previously filed with the Court summarizes the work of the Receiver and his counsel.

Preclusion of other employment. K&L Gates has not had to decline any representation solely because of its services in this case. However, because of the magnitude of the effort required, the Receiver and certain individual K&L Gates professionals working on this matter have been largely precluded from working on other matters.

Customary fees. An attorney's usual and customary fees are presumed to be reasonable. TEX. CIV. PRAC. & REM. CODE § 38.003. The fees charged by K&L in this case are the usual and customary fees that it charges to and collects from its clients for the services of the attorneys and

⁷ Certain older cases have described the factors used to consider the reasonableness of a receiver's fee using slightly different terminology. See *Taylor v. Taylor*, 91 S.W.2d 394, 397-98 (Tex. Civ. App. – Amarillo 1936, no writ). However, the factors used by these cases incorporate all of the same considerations set out in the *Arthur Anderson* factors. In order to simplify this application, the Receiver has used the *Arthur Anderson* framework to discuss the reasonableness of his fees and those of his counsel.

other professionals working on this matter, except that the Receiver is charging 30% less than his usual and customary rate and K&L Gates is charging 9.5% less than its usual and customary rates on all other timekeepers. Espinosa Affid. at ¶6. Further, the court may take judicial notice of customary fees and of the contents of the case file without further evidence. TEX. CIV. PRAC. & REM. CODE § 38.004.

Every year, K&L Gates undertakes an analysis of the markets in which it operates in order to determine the appropriate fees to charge for its professionals based on the fees charged by its competitors and peer firms. The goal of this analysis is to set rates for each professional at the median rate for professionals at peer firms in similar practices areas and similar experience. Accordingly, the rates charged by K&L Gates in this matter are well within the norm for firms of its type in Texas. Espinosa Affid. at ¶8.

1. *Amount involved and results obtained.* The amount involved in this matter, measured either by the \$77 million invested by the investors or the over \$35 million of estate assets administered by the Receiver, is very large. During the Receiver's 17 months on the job, the Receiver has actively managed the affairs of the Alleged Debtor and discharged his State-Court imposed duties. All told, the Receiver has brought nearly \$14 million into the estate over the course of the Receivership Action.⁸ He has filed a plan of distributions with an expected return to the investors of 100% of their investment, including an immediate 18% distribution (approximately \$14 million).

⁸ These recoveries include (i) \$1.25 million secreted by the principals of the Alleged Debtor into Special Acquisitions, Inc.; (ii) \$560,000 and 8 policies of insurance worth about \$1.4 million collected from James Settlement Services; (iii) \$124,000 in cash and \$195,000 in debt-reduction from a settlement with Bruce Collins; (iv) \$710,000 in a settlement with Kiesling Porter; (v) \$600,000 in assets from a settlement with Dick and Catherine Gray; (vi) \$10,117,534 collected from Pacific Life on the PLI140 policy, which was initially disputed by Pacific Life; and (vii) \$34,564 in recovered state franchise taxes.

Time limitations. Time is of the essence in a receivership. This is particularly true in the initial stages. The efforts undertaken in this case to recover assets, investigate the facts and preserve the portfolio of policies were conducted on an expedited basis.

The nature and length of the professional relationship. This factor cuts no particular way. However, neither the Receiver nor his counsel has any particular relationship with any of the parties involved in this matter. Nor is there any possibility of a future relationship with the estate. By their nature, receiverships are a one-time event. As a result, no discount would normally be appropriate. Nevertheless, K&L Gates has provided a discount of 21.28% off of the fees it would normally charge for the work performed during this time period.

Experience, reputation, and ability of the professionals. K&L Gates is one of the world's premier law firms. It comprises nearly 2,000 lawyers who practice in 40 offices located on four continents. K&L Gates represents leading global corporations, growth and middle-market companies, capital markets participants and entrepreneurs in every major industry group as well as public sector entities, educational institutions, philanthropic organizations and individuals.

Whether the fee is fixed or contingent. The fees of the Receiver and his counsel are based on upon their hourly rates with a substantial discount. However, the payment of fees depends upon the approval of the court and the availability of assets in the estate – something which could not be known at the time the engagement was accepted and which remain uncertain.

Additionally, the Receiver is tasked with preserving Retirement Value's assets for the benefit of the investors, which requires, among other things, that the Receiver perpetuate certain aspects of Retirement Value's operations. By April 2010, Retirement Value was subject to the TSSB's cease-and-desist order which curtailed the sell side of its operations, effectively providing a benchmark for its administration expenses. By comparison, the Receiver's fees are

significantly less than Retirement Value’s April 2010 benchmark. The table below reflects the efficiencies recognized by the Receiver in administering the estate’s assets, as compared to Retirement Value.

	Retirement Value (April 2010)	Receiver’s Average Monthly Fees (Application Period)	Average Efficiencies Recognized
<i>Expenses</i>			
Payroll	161,598.27		
Other Expenses	<u>107,384.87</u>		
<i>Total Expenses</i>	<u>\$268,983.14</u>	\$ 94,138.40	\$174,844.74

The fees requested for services rendered in the month covered by this Application are \$174,844.74 less than Retirement Value’s expenses in April 2010. Moreover, the fees requested in this application are 27.5% less than the average monthly fees in all preceding fee applications.

The Receiver anticipates that his fees and the fees of his counsel will fluctuate over the coming months but continue to trend downward. The amount of fees incurred will depend primarily on the attractiveness of alternatives to the plan and the degree of due diligence efforts undertaken that are necessary and appropriate in order to recommend that such alternative strategy be implemented. It will also depend upon other circumstances beyond the control of the Receiver such as the filing of claims against Retirement Value by investors or non-investor claimants as well as the cooperation of the Defendants. The more the Defendants and others cooperate with the Receiver, the lower the fees incurred by the Receiver and his counsel will be. The converse is also true.

The fees incurred during December 2011 are generally consistent with the budget submitted on November 11, 2011. The primary expense drivers were, as anticipated, the due diligence associated with alternative plans of distribution and litigation expenses. In December,

we had a successful Motion for Partial Summary Judgment which disproportionately contributed to the legal expenses, but overall expenses came in as expected for the period.

Based on the size and complexity of the estate, the difficulties of administering it, the efforts expended and the results obtained, the fees requested by the Receiver and his counsel are reasonable and necessary.

ACCORDINGLY, the Receiver requests that this Application be granted in its entirety and that he be authorized to pay the fees requested by him and his counsel from the funds available to the estate.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above pleading has been served on the following, via certified mail, return receipt requested and e-mail on this the 23rd day of January 2012:

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**COUNSEL FOR WELLS FARGO THIRD PARTY
DEFENDANTS AND WHITNEY GILES**

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PRO SE THIRD PARTY DEFENDANT



Michael D. Napoli

Exhibit 1

federal securities laws. Since entering private practice in 1998, I have been counsel to multiple defendants in similar proceedings. I am familiar with the reasonable and customary fees charged by attorneys in this type of matter.

3. I am making this Affidavit in support of the Tenth Application for Fees by the Receiver and Receiver's Counsel (the "Application").

4. Pursuant to the Court's Order of May 5, 2010 and the Agreed Temporary Injunction Order of May 28, 2010 (the "Agreed TI"), I have employed professionals necessary "for an efficient and accurate administration of the receivership estate." To this goal, I have retained the law firm of K&L Gates to represent me in connection with my duties and responsibilities as Receiver and have utilized a number of K&L Gates lawyers and paralegals to assist me therewith. I have not acted as my own counsel.

5. Attached to this Affidavit as Exhibit A is a redacted copy of K&L Gates' invoice 2509423 (the "Invoice"). The Invoice detail the services performed, during the month of December, 2011, by: (a) myself as Receiver; and (b) K&L Gates as Receiver's counsel. At the end of each Invoice is a Timekeeper Summary that lists the professional staff that billed time to this matter during the relevant time period, the number of hours billed and their respective rates.

6. As a general matter, the charge for the services provided by K&L Gates is determined by multiplying the total number of hours worked by each timekeeper by that timekeeper's billing rate.

The fees charged by the Receiver and his counsel represent a discount of approximately 21.28% from the usual and customary fees charged by K&L Gates. In this case, the billing rate of each timekeeper was discounted from the usual and customary rates charged by K&L Gates. The Receiver is charging \$320/hour, which represents a 30% discount from his usual and

customary rate of \$455/hour. In addition, K&L Gates has discounted its rates by 9.5% and further discounted its bills by approximately \$6,041. In the aggregate the discounts and write-offs associated with this Fee Application amount to \$25,445.86. The chart below summarizes the fees charged and the discounts applied.

Invoice Summary	
Services Rendered in:	December
Fees Requested	
Matter .00001	\$94,138.40
Bankruptcy	\$0.00
Matter .00003	\$0.00
Total	\$94,138.40
Receiver Incurred	\$42,724.50
Receiver Billed	\$30,048.00
Receiver adj	(\$12,676.50)
KLK Incurred	\$76,859.76
KLK Billed	\$64,090.40
KLK (9.5%) adj.	(\$6,727.72)
Write-offs	(\$6,041.61)
Total Adj	(\$25,445.86)

7. I have personal experience working with every person billing time to this matter, they are each of high quality and their have skills and expertise that are invaluable to assist me in performing my duties and responsibilities in this matter.

8. The hourly rates set forth in the Invoices are set at a level designed to compensate the firm fairly for the work of its staff and to cover fixed and routine overhead expenses. Such rates are normal and customary in this market for legal professionals with the same level of experience and expertise at comparable legal firms in Texas. Each year, K&L Gates undertakes an analysis of the markets in which it operates in order to determine the appropriate fees to charge for its professionals based on the fees charged by its competitors and peer firms. The goal of this analysis is to set rates for each professional at the median rate for professionals at

peer firms in similar practices areas and similar experience. Accordingly, the rates charged by K&L Gates in this matter are well within the norm for firms of its type in Texas.

9. The hourly rates charged are reasonable rates for this case, given: (1) the time and labor involved, the novelty and difficulty of the questions involved, and the skill required to perform the legal services properly; (2) the likelihood that the acceptance of the particular employment will preclude other employment by the K&L Gates professionals; (3) the fee customarily charged in the locality for similar services; (4) the amount involved and the results obtained; (5) the time limitations imposed by the client or the circumstances; (6) the nature and length of the professional relationship with the client; and (7) the experience, reputation, and ability of the professionals performing the services.

10. The amount billed for my services during the period covered by this application is \$30,048.00. The amount billed for my counsel's professional services during the period covered by this application is \$64,090.40. These amounts were calculated by taking the time billed for each task performed in connection with this case multiplied by the discounted hourly rate for the professional or staff member who performed the task. Based on my experience and knowledge of this matter, the fees charged by myself and my team for work from December 1, 2011 through December 31, 2011 are reasonable.

11. I have reviewed K&L Gates' invoices for services rendered from December 1, 2011 through December 31, 2011. Based on my experience and knowledge of this matter, the work performed by my staff from December 1, 2011 through December 31, 2011 was reasonable and necessary to properly allow me to fulfill my duties and responsibilities in this case.

12. In addition, the Receiver is tasked with preserving Retirement Value's assets for the benefit of the investors, which requires, among other things, that the Receiver perpetuate

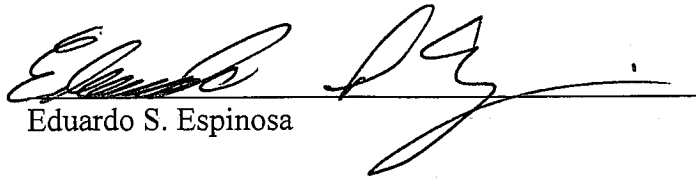
certain aspects of Retirement Value’s operations. The Receiver’s fees are substantially less than Retirement Value’s operating expenses in April 2010. April 2010 is significant because Retirement Value was already subject to the TSSB’s cease-and-desist order that curtailed the sell side of its operations, effectively providing a benchmark for its administrative expenses. The table below reflects the efficiencies recognized by the Receiver in administering the estate’s assets, as compared to Retirement Value.

	Retirement Value (April 2010)	Receiver’s Average Monthly Fees (Application Period)	Average Efficiencies Recognized
<i>Expenses</i>			
Payroll	161,598.27		
Other Expenses	<u>107,384.87</u>		
<i>Total Expenses</i>	<u>\$268,983.14</u>	\$ 94,138.40	\$174,844.74

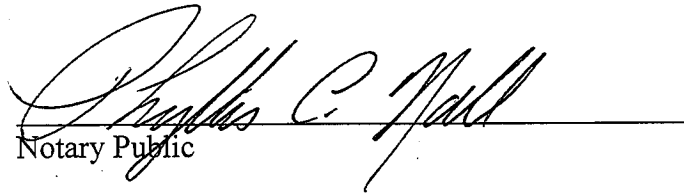
The fees requested for services rendered in the month covered by this Application are \$174,844.74 less than Retirement Value’s expenses in April 2010. Moreover, the fees requested in this application are 27.5% less than the average monthly fees in all preceding fee applications.

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FURTHER AFFIANT SAYETH NOT.


Eduardo S. Espinosa

SUBSCRIBED AND SWORN TO BEFORE ME this 23rd day of January 2012.


Notary Public

My Commission Expires:

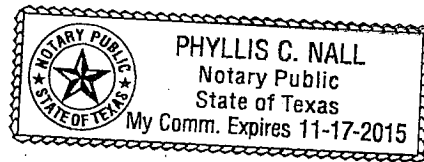


Exhibit A

**PRIVILEGED AND CONFIDENTIAL
DO NOT DISCLOSE**

The Estate of Retirement Value, LLC
c/o Eduardo S. Espinosa, Receiver
1717 Main Street, Suite 2800
Dallas, TX 75201

January 9, 2012
Invoice: 2509423
Matter Desc.: State of Texas vs.
Retirement Value LLC, et. al.
Client/Matter #: 1203981.00001

This statement covers fees for legal services rendered for your account during the period ending 12/31/2011.
Detailed information regarding these fees is attached.

Current Charges:	
Fees	94,138.40
Total Current Charges	\$94,138.40

PAYMENT FOR "CURRENT AMOUNT" IS DUE IN FULL ON OR BEFORE FEBRUARY 8, 2012

Please Return a Copy of This Page With Your Payment to K&L Gates, RCAC, 925 Fourth Avenue, Suite 2900, Seattle, Washington 98104-1158, Reference Invoice: 2509423

Payment Can Also be Made by wire to: US Bank, Private Financial Services, 1420 5th Ave. Suite 2100, Seattle, WA 98101, ABA Routing Number: 125000105, Account # 153557906580, Reference Invoice 2509423

**PRIVILEGED AND CONFIDENTIAL
DO NOT DISCLOSE**

The Estate of Retirement Value, LLC
c/o Eduardo S. Espinosa, Receiver
1717 Main Street, Suite 2800
Dallas, TX 75201

January 9, 2012
Invoice: 2509423

FOR PROFESSIONAL SERVICES RECORDED AS OF 12/31/11:

Matter: 1203981.00001

Matter Description: State of Texas vs. Retirement Value LLC, et. al.

<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
12/1/11	Brown, A. G.	0.50	92.77	Conduct and respond to telephone inquiries from two investor (.3); update client index (.2)
12/1/11	Espinosa, E. S.	5.10	1,632.00	Telephone conference with D. Young regarding '40 Act issues (.6); telephone conference with G. Weisbart regarding objections to Fee App 7 and 8 (1.0); telephone conference with J. Jackson, J. Thomas and M. Napoli regarding MSJ (1.0); correspondence with J. Donaldson at GFCU regarding CD; telephone conference R. Sims regarding same (.5); correspondence with A. Cullen and Chase regarding wire (.2); confer with S. McBride regarding organization of consolidated Due Diligence (.3); correspond with and telephone conference with I. Antongiorgio, D. Taylor and M. Napoli regarding consolidation, FMV, participation ratios and revisit analysis (.9); correspond with W. Giles regarding Releasing Account, correspond with L. Bowman and P. Haley at WF regarding same (.4); correspond with R. Petry and L. Hammond at Frost Bank (.2)
12/1/11	McBride, R.S.	2.50	No Charge	Review and organize documents. Prepare binder to organize open issues.
12/1/11	Napoli, M. D.	4.90	2,394.63	Teleconference with E Espinosa, D Young of Vida (.6); e-mail with R Gray regarding release of exempt property (.1); e-mail correspondence with I Antongiorgi regarding consolidation of estates (.3); analysis of HCF offer (.3); confer with E Espinosa regarding consolidation and offer made by HCF (.1); review, analyze and amend outline of proposed

<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
12/2/11	Espinosa, E. S.	5.20	1,664.00	reply from J Thomas (1.0); prepare for and attend teleconference with J Jackson, J Thomas and E Espinosa regarding MSJs (1.0); teleconference with G Weisbart and E Espinosa regarding fee apps, motion to consolidate estates, Kaye proposal, plan of distribution (1.0); teleconference with M Napoli, I Antongiorgi and D Taylor (.5) T/C with E. Eason (investor) (.4); T/C with M. Kaye (investor) (.5); Correspond with D. Gray, L. Hammond & R. Petry regarding Frost Bank release (.2); Corresp with D. Gray regarding pending matters and delivery of GFCU CD (.4); Wire balance of December premiums to ASG and notify BKD of same (.3); Corresp with I. Antongiorgio, & M. Napoli regarding Weisbart's consent to postponement of consolidation hearing (.1); Research investigators (Kroll, Jaffe & Kimmons) , telecon with Kimmons regarding engagement (.8); T/C with D. young regarding background information, email regarding same requesting background information (.5); attend to Wells Fargo and their release of XXX7739 to Andrew Gray (.6); Review correspondence from Tx. Comptroller and transmit same to R. Kipp @BKD (.3) Correspond w. R. Carter regarding WF November interest (.2) Review CLWSC December billing (.1); Review Vida due diligence materials (.8).
12/2/11	Meer, C. J.	0.10	No Charge	Begin reading Locke Lord draft opinion
12/2/11	Napoli, M. D.	0.70	342.09	Research regarding investigators for Vida due diligence (.3); teleconference with R Kimmons regarding Vida due diligence (.2); e-mail correspondence with I Antongiorgio and G Weisbart regarding postponing motion to combine estates (.2)
12/2/11	Rosenblum, R. H.	0.30	No Charge	Telephone conversation regarding due diligence and related issues
12/4/11	Meer, C. J.	0.20	No Charge	[REDACTED]
12/5/11	Brown, A. G.	0.60	111.32	Telephone conference with two investors (.3); conduct research regarding investment and email commission information (.3)
12/5/11	Espinosa, E. S.	2.70	864.00	Correspond with J. Jackson and M. Napoli and J. Thomas regarding response to MSJ (.2); correspond with E. Werner at Vida regarding Due Diligence (.1); telephone conference with D. Young regarding due diligence and investment side letter (.5); review settlement proposal regarding Davis (.1); correspond with R. Gray regarding GFCU (.2);

<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
				correspond with D. Young regarding HCF hearing (.2); confer with C. Meers regarding Vida (.2); telephone conference with J. Thomas regarding Beste (.4); confer with M. Napoli regarding Wednesday and Thursday hearings (.5); correspond with J. Cager at Wells Fargo regarding Account Release (.3)
12/5/11	Napoli, M. D.	6.90	3,372.03	Review and revise reply brief on MSJ (3.5); teleconference with J Jackson (.2); prepare proposed order on fee apps (.2); work on Vida pro forma for plan (3.0)
12/5/11	Rosenblum, R. H.	0.80	No Charge	Emails and discussion with C. Meer regarding 1940- Act status and related issues
12/6/11	Espinosa, E. S.	2.60	832.00	Correspondence with D. Gray regarding GFCU CD (.2); review and revise reply outline (.7); correspond with K. Boos at NB Title (.2); attend to and personally go to Wells Fargo regarding Account Release (.7); correspond with R. Rosenblum regarding due diligence, correspond with R. Kimmon regarding engagement and due diligence materials (.2); correspond with D. Gray regarding HOA dues (.2); correspond with E. Hoyos and E. Werner regarding due diligence (.4)
12/6/11	Napoli, M. D.	7.60	3,714.12	Revise reply brief in support of MSJ (1.5); confer with E Espinosa regarding order on CD (.1); prepare for hearing on fee apps 7 and 8 (.4); work on Vida pro forma and report (5.6)
12/7/11	Brown, A. G.	0.50	92.77	Conduct and respond to two telephone inquiries from investors (.2); review incoming email and respond to same (.3)
12/7/11	Espinosa, E. S.	3.50	1,120.00	Attend MSJ (2.5); correspond with R. Kimmons regarding NDA and engagement (.5); various emails regarding GFCU (.3); correspond with R. Gray regarding Wells Fargo (.2)
12/7/11	Espinosa, E. S.	5.00	No Charge	Travel to/from Austin, TX
12/7/11	Napoli, M. D.	5.10	2,492.37	Prepare for and attend hearing on MSJs and fee applications (3.0); revise website (1.0); review proposed order granting MSJ (.1); work on year-end report (1.0)
12/7/11	Napoli, M. D.	4.00	No Charge	Travel to/from Austin, TX
12/8/11	Espinosa, E. S.	3.50	1,120.00	Review Rentea's letter to J. Triana (.2); Correspond with J. Thomas, J. Jackson and M. Napoli regarding Rentea's letter regarding Motion for Reconsideration (.3); Confer w. J. Thomas regarding Settlement overtures from group in California (.2); T/C with N. Moon regarding Morey Family Trust (investor) (.6); Confer with A.

<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
				Goldate, and M. Napoli regarding inquiry from [Regulatory Agency] & scheduling a meeting regarding same (.5); T/C w E. Werner regarding production of due diligence materials and coordination of same with K. Hinkle (.3); Correspond with GFCU regarding Gray accounts (.1); Correspond with A. Goldate & M. Napoli regarding [defendant entity] (.1); Provide instructions to BKD regarding December A/P run (1.2)
12/8/11	Napoli, M. D.	3.10	1,514.97	Revise website (1.0); teleconference with A Goldate and E Espinosa (.3); consider Rentea request for interlocutory appeal (.2); prepare response to J Thomas e-mail regarding Rogers' settlement offer and interlocutory appeal (.2); e-mail correspondence with A Goldate regarding Hyde One LLC (.2); teleconference with J Thomas (.3); review Rentea letter to court (.2); revise response to Rentea letter (.4); work on year-end report (.5)
12/9/11	Brown, A. G.	0.20	37.11	Conduct and respond to telephone inquiry of one investor (.2)
12/9/11	Espinosa, E. S.	2.20	704.00	Review title search from NB Title, confer with M. Garza and correspond with M. Napoli regarding same (.6); telephone conference with A. Goldate regarding [Regulatory Agency] and R. Fox (.4); correspond with D. Gray regarding POA (.2); correspond with M. Adams regarding investor communications and M. Kaye (.2); correspond with K. Boos at NB Title (.3); telephone conference with R. Carter regarding A/P run (.4); review correspondence between J. Thomas and B. Rentea (.1)
12/12/11	Brown, A. G.	0.30	55.66	Conduct and response to telephone inquiry from one investor (.1); review incoming documentation and update client file (.2)
12/12/11	Espinosa, E. S.	5.30	1,696.00	Prepare for meeting with [regulatory agency] (.8); meet with A Goldate, C McAlister and J Sartuche (3.5); confer with M. Napoli regarding damage analysis, claims in licensee bankruptcies, plea in abatement, and abstract of judgment on 3606 Comal (1.0)
12/12/11	Napoli, M. D.	7.00	3,420.90	Legal research regarding Roger's request for stay and challenge to receivership (1.6); prepare for meeting with Postal Inspector (1.0); meet with A Goldate, C McAlister and J Sartuche (3.5); confer with E Espinosa regarding damage analysis, bankruptcy proofs and plea in abatement (.5);

<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
12/13/11	Brown, A. G.	0.30	55.66	review abstract of judgment on 3606 Comal (.2); confer with E Espinosa regarding same (.2)
12/13/11	Espinosa, E. S.	1.90	608.00	Review incoming court documentation, update pleading files and forward to attorneys for review (.30)
12/13/11	Napoli, M. D.	6.70	3,274.29	Attend to sale of gift cards (.3); confer with M. Napoli regarding Moss' suit (.1); correspond with K. Bros regarding 3606 (.1); correspond with D. Gray regarding same (.2); telephone conference with M. Kaye regarding Alternate Proposal to Protective Order's affect on ability to access Investor identifying data (.8); telephone conference with L. Banes (.1); correspond with R. Kimmons regarding Educational confirmation (.1); correspond with E. Weiner and D. Young regarding Videx due diligence (.2)
12/13/11	Wood, C.	0.60	No Charge	Legal research regarding attachment of judgment lien to 3606 Comal (1.5); review and analyze suit filed by Tracy Moss (1.0); prepare memo to R Alito (NJ employment counsel) regarding suit and potential defenses (0.5); work on response to plea in abatement (3.7);
12/13/11	Wood, C.	0.60	No Charge	Review lawsuit filed by Tracy Moss; phone correspondence with M. Napoli regarding right to sue period.
12/14/11	Brown, A. G.	0.30	55.66	Review incoming court documentation, update pleading files and forward to attorneys for review (.3)
12/14/11	Espinosa, E. S.	4.10	1,312.00	Correspond with R. Kipp regarding IRS Notice, forward 2010 reports (.5); draft Fee App #9 (1.2); correspond with D. Gray and K. Boos regarding 3606 (.2); review drafts and correspond regarding Plea in Abatement (.4); review ASG Premium Advice (.3); confer with G. Quinones regarding Website (.3); correspond with M. Kaye regarding characterization of RV distributions (.2); correspond with G. Daly and A. Brown regarding Dr. Thomas (.1); telephone conference with R. Carter regarding Cash Balance reconciling items (.4); review B. Rontea's Response to Motion to Sever, confer with M. Napoli regarding same (.5)
12/14/11	Napoli, M. D.	5.00	2,443.50	Work on response to plea in abatement (3.5); review and analyze response to motion to sever (.5); confer with J Thomas regarding plea in abatement (.5); legal research regarding judgment lien on 3606 Comal (.5)

<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
12/15/11	Brown, A. G.	0.50	92.77	Conduct and respond to telephone inquires from two investors (.2); draft responses to two email inquiries from investors (.3)
12/15/11	Espinosa, E. S.	2.50	800.00	Confer with S. Elrod and M. Napoli regarding Abstract of Judgment on 3606 Comal Springs; provide S. Elrod with Title Search (.3); correspond with S. Crohn regarding due diligence (.1); correspond with R. Kipp regarding AMIZ Notice (.1); correspond with K. Boos regarding form of General Warranty Deed and Permitted Encumbrances (.3); confer with M. Napoli regarding NJ Counsel for Mass matter (.1); review QB files for Investor detail report (.4); consult with M. Napoli and A. Brown regarding M. Olson (investor), Hoskins (Licensee) and G. Daley (counsel) (.3); telephone conference with J. Coggiano (investor) (.6); consult with R. Carter regarding Investor Report (.3)
12/15/11	Napoli, M. D.	6.00	2,932.20	Teleconference with T Fleming regarding release of 3606 Comal lien (.5); prepare correspondence to T Fleming (.2); teleconference with T Fleming (.2); confer with S Elrod regarding release of abstract (.1); prepare revised plan of distribution (1.0); prepare year-end report (4.0)
12/16/11	Brown, A. G.	0.40	74.21	Conduct and respond to telephone inquiry of one investor (.1); review incoming court documentation, update pleading files and forward to attorneys for review (.3)
12/16/11	Elrod, S. K.	0.90	354.31	Review and respond to email correspondence regarding various title and conveyance matters concerning Canyon Lake property; review title report with respect to same; review and revise deed
12/16/11	Espinosa, E. S.	3.70	1,184.00	Telephone conference with R. Carter regarding reconciling entries (.8); confer with M. McGrath regarding Due Diligence review of Vida's policies and procedure (.6); review status Motion for Protective Order (.3); correspond with D. Gray and K. Boos regarding closing of 3606 (.2); confer with M. Napoli regarding inquiry from DFM (.2); review L&E Invoice #9363 to BKD Invoice (.3); confer with A. Brown regarding confirming adjusting entries to QB file (.3); review Notice of Appeal (.3); research Safe Estate Planning remittance (.4); review Level III Control Order (.1); review Chase November Statement (.2)
12/16/11	Napoli, M. D.	6.00	2,932.20	Review Rogers' notice of appeal (.1); research appellate jurisdiction regarding appeal (2.5);

<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
12/17/11	Espinosa, E. S.	0.90	288.00	prepare memo regarding same (1.5); confer with D Ashby regarding timing of motion to dismiss (.2); prepare revised plan of distribution (1.6); prepare memo regarding same to E Espinosa (.2); review e-mail and attachments from R Gray regarding lien on 3606 Comal Springs (.1)
12/19/11	Brown, A. G.	1.20	222.64	Draft response to Hoskins (licensee) (.3); correspond with J. Thomas regarding Safe Estate (.1); confer with S. Elrod regarding status of 3606 documents (.1); correspond with A. Cullen ASG regarding AVS LE's (.1); confer with M. Napoli regarding DFM inquiries and E. Moye's ruling regarding Arnold v. LP (.3)
12/19/11	Elrod, S. K.	1.40	551.15	Conduct and respond to telephone inquiry of one investor (.1); review incoming court documentation, update pleading files and forward to attorneys for review (.3); review and prepare Receiver's Ninth Application for fees for filing and file same with court (.2); review and revise amended Certificate of Service to Ninth Application for Fees and file same with court (.3); review and revise Receiver's Seventh Motion for Approval of Payment of Professionals Fees and file same with court (.3)
12/19/11	Espinosa, E. S.	3.60	1,152.00	Draft and revise release of judgment lien with respect to Canyon Lake property; telephone conference with title agent with respect to same; draft and send email correspondence to title company with respect to revised deed and release of judgment; review and respond to email correspondence regarding various title matters with respect to same
12/19/11	Napoli, M. D.	6.50	3,176.55	Correspond with K. Henderson at ASG regarding LE's (.2); draft Fee App #9 and affidavit in support (1.2); draft Application for Professional Fees (Non-KLG) #7 (.8); confer with A. Brown regarding investor inquiries, filing of fee apps (.4); confer with J. Thomas and M. Napoli regarding Rentea's appeal in the appurtenant Motion to Dismiss (.3); confer with S. Elrod and M. Napoli regarding release of judgment (.2); review correspondence from Texas Comptroller, confer with R. Kipp regarding same (.3); confer with M. Napoli regarding Moss Suit and D. Gray's correspondence (.2)
12/19/11				Prepare year-end report (6.4); e-mail correspondence with J Thomas regarding motion to dismiss appeal (.2); review and revise release of lien

<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
12/20/11	Alito, R.	1.00	452.50	(.1); teleconference with D Horowitz (.8) Review and analyze the Complaint filed by Tracey Moss; conference call with M. Napoli and E. Espinosa regarding background and initial strategy
12/20/11	Brown, A. G.	1.40	259.74	Conduct and respond to one telephone inquiry from investor (.1); prepare documents to be posted to website and draft email enclosing same (.2); review and compare reconciliation of each victims investments (1.1)
12/20/11	Espinosa, E. S.	4.70	1,504.00	Telephone conference with R. Alito and M. Napoli regarding Moss(.8); conference with M. Napoli regarding HCF settlement preparation (.4); correspond with G. Quinones and A. Brown regarding website (.1); correspondence with S. Coker regarding AVS-LE's status (.1); correspond with R. Kimmons regarding due diligence reports (.3); confer with M. Napoli and J. Thomas regarding Roger's appeal (.3); review Lewis & Ellis forecast of LV portfolio, combined portfolio and Roger's appeal; analyze same and reconcile forecasts (.8); confer with S. Elrod regarding 3606 release, correspond with K. Boos regarding same; review Closing documents and HUD-1, inquire regarding tax remittance (.7); review various 12/19/11 filings (.4) deposit at Chase and correspond with BKD regarding detail for same (.4); correspond with R. Carter and R. Kipp regarding "reconciling items" in asset accounts (.4)
12/20/11	Napoli, M. D.	8.00	3,909.60	Teleconference with R Alito and E Espinosa regarding Moss suit (.8); review Rogers record designation (.1); correspondence with J George and J Thomas regarding designation (.1); prepare supplemental designation (.5); e-mail correspondence with I Antongiorgio regarding HCF settlement (.2); confer with E Espinosa regarding HCF settlement (.4); prepare year end report (5.9)
12/21/11	Espinosa, E. S.	7.80	2,496.00	Revise closing documents for 3606, Initiate wire (.4); review L&E forecast (3.2); working session with M. Napoli regarding L&E and Vida forecasts (2.0); correspond with R. Kimmons regarding due diligence; follow up with D. Hatch (.3); confer with M. Napoli regarding GP's repurchase obligation of contested policies (.3); telephone conference with K. Hinkle and M. Napoli regarding Policy Due Diligence (.4) correspond with M. Napoli and I Antongiorgio regarding HCF continuation (.2); telephone conference with S. Crohr regarding

<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Desc ription</u>
				forecast hereon (.4); correspond with M. Napoli, S. Crok and D Young regarding repurchase NAV (.2); correspond with J. Lee regarding cashflow projections (.2) correspond with BKD regarding wire detail
12/21/11	Gildea, C. E.	3.90	1,129.44	Vida Capital Management: review compliance policies and procedures; review ACA report regarding compliance policies and procedures
12/21/11	McGrath, M. W.	0.10	No Charge	VIDA Capital Management: Discuss VIDA Policies and Procedures with C. Gildea
12/21/11	Napoli, M. D.	8.40	4,105.08	E-mail correspondence with G Weisbart regarding HCF settlement (.2); e-mail correspondence with D Young regarding repurchase obligation (.2); prepare year-end report (6.0); working session with E Espinosa regarding economic comparison of options (2.0)
12/22/11	Brown, A. G.	2.50	463.82	Draft letter to S. Morris in response to her letter requesting return of investment (.20); review and compare reconciliation of each victims investments (2.3)
12/22/11	Espinosa, E. S.	2.20	704.00	Execute and transmit 3606 Closing documents (.4); correspond with A. Brown and G. Quinones regarding website (.2); correspond with D. Young regarding NAV for contested policies to revision and PPM (.3); correspond with S. Crohn regarding 20-year precard (.2); analyze and reconcile forecasting models (1.1)
12/22/11	Gildea, C. E.	2.10	608.16	(Vida Capital Management) Review and analysis of findings with M. McGrath; draft memo regarding compliance policies; review and revise memo per comments from M. McGrath
12/22/11	McGrath, M. W.	0.50	248.88	VIDA Capital Management: Discuss VIDA Capital Management policies with C. Gildea, P. Grossetti
12/22/11	Napoli, M. D.	7.80	3,811.86	Revise Receiver's designation of record (.4); review/revise settlement agreement for licensee (.2); e-mail correspondence with J Thomas regarding contingency fee and offsets (.4); review Vida pro forma (.5); e-mail correspondence with E Espinosa regarding same (.3); prepare year-end report (6.0)
12/23/11	Espinosa, E. S.	3.10	992.00	Conference with M. Napoli regarding categorizing fee on claim set off (.5); telephone conference with J. Lee at L&E regarding cashflow forecast, confer with M. Napoli regarding same (.5); correspond with D. Young and S. Crohn regarding Vida PPM/LP Agreement (.2); correspond with McGrath regarding policies and procedures (.2); review and revise correspondence to S. Morris (.3); review

<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
12/23/11	Napoli, M. D.	5.50	2,687.85	VLF 20 plus year forecast (.8); confer with M. Napoli regarding HCF LE's (.2); correspond with K. Boos regarding 3606 (.2); correspond with J. Thomas regarding Settlement Language (.2)
12/27/11	Dietz, M.S.	0.30	No Charge	Work session with E Espinosa regarding comparison of Vida to hold option (1.5); revise plan of distribution (4.0)
12/27/11	Espinosa, E. S.	5.00	1,600.00	Telephone conference with Mike Napoli and make docket call announcement regarding hearing next week.
12/27/11	Napoli, M. D.	5.00	2,443.50	Analyze L&E vs. VLF cash flow (3.8); confer with J. Thomas and M. Napoli regarding licensees' partial MSJ (.3); correspond with R. Carter regarding FMV of 3606 Comal Springs (.6); confer with M. Napoli regarding Weisbart's request for extension (.1); correspond with L. Edwards (.2)
12/28/11	Espinosa, E. S.	7.50	2,400.00	Review and comment on PMSJ against licensees (.5); work on year end report (4.0); e-mail correspondence with J Thomas regarding plan and plea in abatement (.2); e-mail correspondence with P Maule regarding HCF policies (.1); confer with E Espinosa regarding Cain request for extension (.1); e-mail correspondence with J Blair regarding request for extension (.1)
12/28/11	Napoli, M. D.	6.00	2,932.20	Review 12/31/11 Valuation of RV portfolio (.3); working session with M. Napoli regarding forecasts (2.1); analyze L&E combined portfolio and VLF combined portfolio forecast and reconcile models to reflect a time-frame investment horizon and NPV for each (4.3); confer with J. George, J. Thomas, M. Napoli regarding damage models (.4); attend to Fox's release of Abstract of Judgment on 3606 Comal Springs; correspond with K. Boos regarding same (.3); telephone conference with K. Hinkle regarding Vida due diligence (.1)
12/29/11	Alito, R.	0.20	90.50	Work on year end report (3.9); work session with E Espinosa regarding Vida economics (2.1)
12/29/11	Brown, A. G.	3.70	686.46	Email and confer with associate regarding removal
12/29/11	Cousland, F. E.	0.70	155.21	Review and compare reconciliation of each victims investments (3.7)
12/29/11	Espinosa, E. S.	9.80	3,136.00	Review Traci Moss Removal Papers
				Telephone conference with S. Crohn, C. Munson, D. Totah and M. Napoli regarding reconciliation of static model with reality (.8); telephone conference with S. Crohn, C. Munson, D. Totah and M. Napoli to discuss impact of cashflow vs. Net Income on Capital Account Balance (not a duplicate entry)

<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Desc ription</u>
				(.8); review and revise draft Plan of Distribution (5.1); correspond with S. Barge regarding Qualified Settlement Fund Statue (.5); review D. Young's CRD (.3); confer with K. Hinkle regarding Due Diligence Report (.2); review residential sale report regarding 3606 (.5); correspond with HSG, L&E and BKD regarding A/P (.2) confer with M. Napoli regarding Plan of Distribution and Receiver's Report (.2); review VLF PPM and LP Agreement (1.2)
12/29/11	Napoli, M. D.	5.80	2,834.46	Work on year end report (4.2); teleconference with Vida (.8); teleconference with Vida (.8)
12/30/11	Alito, R.	0.30	No Charge	Emails and consideration of Moss removal issues
12/30/11	Brown, A. G.	1.20	222.64	Review and finalize reconciliation of each victims investments and update spreadsheet regarding same (1.1); draft email to E. Espinosa regarding same (.1)
12/30/11	Cousland, F. E.	1.40	310.42	Draft Traci Moss Removal Papers
12/30/11	Espinosa, E. S.	7.00	2,240.00	T/C with S. Barge regarding Qualified Settlement Funds and tax strategy for the estate's investment in VLF; Review & Revise Plan of Distributions (3.1); Working Session with M. Napoli regarding Plan and adjustments thereto (1.0); T/C w/ P/Maule @ASG (.3); T/C with K. Hinkle regarding VLF due diligence memorandum (.5); Corresp with T. Lahiff (.2); Review D. Young's CRD, forward same to M. Napoli (.2); Correspond with A. Brown and R. Carter regarding investor reconciliation (.2); Correspond with R. Carter regarding A/P (.3); Corresp with G. Quinones regarding website updates (.2)
12/30/11	Napoli, M. D.	6.00	2,932.20	Prepare year end report (4.7); work session with E Espinosa regarding plan of distribution (1.0); teleconference with M O'Donnell regarding motion to sever (.2); review Wells Fargo motion for continuance (.1)
TOTAL		HOURS		251.80
		TOTAL FOR SERVICES		\$94,138.40

Matter: State of Texas vs. Retirement Value LLC, et. al.
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TIMEKEEPER SUMMARY

<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
McGrath, M. W.	0.50	497.75	248.88
Napoli, M. D.	118.00	488.70	57,666.60
Alito, R.	1.20	452.50	543.00
Elrod, S. K.	2.30	393.68	905.46
Espinosa, E. S.	93.90	320.00	30,048.00
Gildea, C. E.	6.00	289.60	1,737.60
Cousland, F. E.	2.10	221.73	465.63
Brown, A. G.	13.60	185.53	2,523.23
 Total for All Timekeepers	 251.80	 \$373.86	 \$94,138.40

INVOICE TOTAL

	<u>Fees</u>	<u>Expenses</u>	<u>Total</u>
Current Charges	94,138.40	0.00	94,138.40
TOTAL BALANCE DUE THIS MATTER			\$94,138.40

PAYMENT DUE IN FULL ON OR BEFORE FEBRUARY 8, 2012