

MASTER ESCROW AGREEMENT
By and Between
RETIREMENT VALUE, LLC
And
The Law Firm of
KIESLING, PORTER, KIESLING & FREE, P.C.

This Escrow Agreement is entered into on this the 10th day of March, 2009 by and between Retirement Value, LLC of 457 Landa Street, #B, New Braunfels, Texas 78130 ("Retirement") and Kiesling, Porter, Kiesling & Free, PC of 348 East San Antonio Street, New Braunfels, Texas 78130 ("Kiesling" or "Escrow Agent").

RECITALS

WHEREAS, Retirement is, or will be, the owner of certain re-sale life insurance policies; and,

WHEREAS, Retirement desires to fund its transactions for said re-sale of life insurance policies by accepting funds from various Participants; and

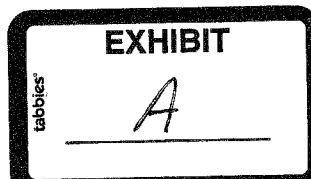
WHEREAS, Retirement has requested Kiesling to act as Escrow Agent in this matter; and

WHEREAS, Kiesling is agreeable to act as Escrow Agent upon the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties do hereby agree as follows:

1. Retirement, at its sole costs and expense, intends to, and shall, from time to time, secure Participants to become pro-rata irrevocable co-beneficiaries in the proceeds of the re-sale life insurance policies owned or to be owned by Retirement (hereinafter "Participants"). As part of said transactions, the Participants shall direct Retirement to deposit all funds with Escrow Agent, who shall hold said funds in accordance with this agreement in an escrow account at Wells Fargo Bank in New Braunfels, Texas or at such other Banking institution as may be mutually agreed upon between Retirement and Kiesling. Such Escrow Account is not required to be an interest earning account, Unless otherwise provided in this Agreement.
2. Retirement shall give written instructions to Escrow Agent directing Escrow Agent to take any of the following actions:



- a. pay escrow fees, bank fees, federal express fees, and other administrative fees or costs, including but not limited to commissions.
- b. transfer the balance of such funds to separate escrow accounts for each re-sale life insurance policy in which Participant has elected to participate.
- c. pay for the purchase of the re-sale life insurance policies until the full purchase price stated in the Policy Purchase Agreement has been met.
- d. pay premiums from each separate escrow account for the re-sale life insurance policies.

The instructions from Retirement shall include the phone number, wire instructions and address of the person or entity to which funds shall be sent; the dates on which each payment is due; the exact dollar amount of each such payment; and any other information requested by Kiesling. Aside from the above distributions and distributions of any interest earned on the escrow accounts, no distributions shall be made or allowed under this Agreement until such time as each policy matures due to the death of the insured. Upon the payment of the policy purchase price, Kiesling will follow up with a fax to the entity or person receiving such wire. The fax will state the amount of the wire sent and the list of internal policy numbers to which such funds apply.

Kiesling shall rely solely on the information and instructions provided by Retirement in making the above distributions and shall not be required to make any independent or additional inquiries as to said distributions.

3. Retirement shall cause to be delivered with each transaction:
 - a. A copy of the executed policy selection form.
 - b. A copy of the "insurance boquet" form which shows the policies selected by the participant.
 - c. A copy of the Client Policy Purchase Agreement (non-qualified funds) or the Agency Loan Agreement (Qualified funds) to collateralize all participation amounts as irrevocable co-beneficiary of the policy proceeds.
 - d. A copy of a Power of Attorney in which the Participant gives Retirement the authority to instruct Escrow Agent regarding the funds deposited with Escrow Agent.
 - e. A copy of the Power of Attorney giving Retirement's licensee the authority to act on his behalf.
 - f. Any other documents reasonably requested by Kiesling.
4. Retirement shall additionally cause to be delivered , as available:

- a. Policy Purchase Agreement confirming the purchase by Retirement of each re-sale life insurance policy from the policy source.
 - b. Proof of ownership by Retirement of each re-sale life insurance policy immediately upon issue by each insurance carrier.
 - c. An executed Change of beneficiary form naming Kiesling as the beneficiary of the re-sale life insurance policy;
 - d. The Original policy;
 - e. Percentage of balance or amount due to Participant for each re-sale life insurance policy upon death of insured;
 - f. Address and contact information for each Participant or other person to whom funds are to be issued;
 - g. Any waiver of conflict of prior representation agreement as required by Kiesling.
 - h. Retirement shall review and verify the accuracy of all the documents referenced in this Escrow Agreement.
5. All funds to be distributed by Kiesling shall be held until the funds are considered "good funds" at the sole discretion of Kiesling. If there are any questions about the funds, Kiesling shall hold the funds until it is verified that the funds are in the Escrow Account and cannot be withdrawn by any third party.
6. Kiesling shall deliver to Retirement a list of Participants whose funds have become "good" no less than once a week. Upon request by Retirement, Kiesling shall further deliver to Retirement an update on the balance in the account available for distribution.
7. Retirement shall hire a service which shall track the death of each insured. Upon the death of any insured Retirement shall timely notify Kiesling and provide a certified Death Certificate of the insured, with instructions for making the claim against the policy of which such person was the insured. Within five days of funds being received by Kiesling from the insurance company, Kiesling will notify retirement in writing and request further instructions. Retirement shall direct Kiesling in writing as to the disbursement of the funds, including but not limited to payment of any commissions, fees and expenses and distribution to Participants in accordance with their pro-rated irrevocable co-beneficiary participation in the re-sale life insurance policy proceeds. Included in such instructions shall be contact information for each person or entity to whom funds are being disbursed and information required to be placed on any 1099. In the event the insured shall become deceased prior to the change in Beneficiary or before funds are received by Kiesling, Kiesling shall be held harmless, indemnified by Retirement and relieved from any duty hereunder other than return of funds held by Kiesling as directed, in writing, by

Retirement. No funds shall be distributed until such funds are determined to be "good funds" by Kiesling. Kiesling shall file all required 1099s.

If an insurance company does not pay as requested, Kiesling shall not be required to negotiate, mediate, arbitrate or litigate with any company, but shall assign all claims against such company to Retirement who may then take any action Retirement deems necessary against such company. Retirement shall defend, hold harmless, and indemnify Kiesling against any and all Participant claims or causes of action arising from nonpayment by an insurance company.

5. The parties hereto acknowledge and understand that Kiesling cannot close any escrow and complete any such transaction until fully executed escrow instructions and all other necessary documents have been delivered to Kiesling. Kiesling is hereby held harmless from all liability and responsibility in regard to any transaction or any delays in the closing of such transaction in the event that such documents are not delivered to Kiesling immediately upon execution for completion of closing. Kiesling shall be held harmless from any liability in the event ownership/beneficiary transfer documents for any re-sale life insurance policies are not returned to Kiesling and are filed outside this escrow by principals and/or brokers.
6. The liability of Kiesling shall be limited to the transfer of funds into a separate escrow account for each re-sale life insurance policy as directed by Retirement; payment of monthly, quarterly or annual premiums from funds available in the respective separate escrow accounts upon written instruction from Retirement; and disbursement of re-sale life insurance policy proceeds upon death of insured in accordance with written instruction from Retirement. Kiesling shall have no liability if the change of beneficiary or other documents required to be filed by Retirement are not received, rejected and/or not filed by the insurance company. It shall be the responsibility of Retirement to verify any filings.
7. **It shall be the responsibility of Retirement to verify premium amounts and due dates and provide notice to pay premiums to Kiesling no later than five business days prior to such due dates. If any of the accounts from which premiums, policy payment, commissions, payments to Participants or other costs are due are insufficient to pay such amounts, it is the sole responsibility of Retirement to supply additional funds to Kiesling to make such payments.**
8. Kiesling is directed to hold the funds in escrow and disburse the funds as directed by Retirement. At no time shall Kiesling be required to make any searches, prepare or file reports or perform any method of research regarding laws, regulations, or liens through any federal, state, county,

city, or other regulating jurisdiction against the subject policies, the same being the sole responsibility and obligation of Retirement. Retirement hereby agrees to defend, indemnify, and hold harmless Kiesling, its employees, directors, officers and stockholders, and pay any and all costs and fees associated with any legal costs arising out of or caused by inaccurate or omitted research by Retirement.

9. Kiesling shall have no liability regarding any forgeries or false impersonations of any person or party in connection with the instructions delivered to Kiesling, on any or all re-sale life insurance policies, death certificates or other documents delivered to Kiesling.
10. This product is not a security. Participants in re-sale life insurance policies are not acquiring any interest in a security. If in the future this ever should change, or re-sale life insurance policies ever are declared to be a security in any form, Retirement shall, at its sole cost and expense satisfy such declaration and then verify to Escrow Agent that such securities are properly registered or do not require registration. Kiesling is hereby held harmless and indemnified from all liability and responsibility for verifying the registration or validity of any securities.
11. Retirement herein acknowledges that it has been advised by Kiesling to contact its attorney for approval and determination of adequacy regarding this Agreement for protection of its legal rights. No representation is made by Kiesling as to the legal sufficiency, tax effect or tax consequences regarding this Agreement or any matter related hereto or the business conducted by Retirement. Retirement agrees to hold Kiesling harmless from and indemnify Kiesling as to any liability in this regard. Retirement acknowledges and represents that it has or will have determined the suitability of participation in its program(s) for each participant. Retirement represents to Kiesling that each party shall be an Institutional Investor, an accredited investor or a person of sufficient net worth and financial sophistication to participate. The determination of suitability of each participant shall be the sole responsibility of Retirement. Kiesling shall have no liability in this regard.
12. Kiesling agrees to participate in an audit conducted by a third party Certified Public Accountant with all costs of such audit being paid by Retirement. In the event Federal or State law, or Retirement request Kiesling to be required to acquire a bond, all such costs will be paid by Retirement.
13. In the event of a conflict between these instructions and any other instructions received from a third party or a lender, these instructions shall control as to Kiesling.

13. Kiesling shall prepare a settlement statement and release upon the maturity of the individual policy and receipt of the respective life insurance proceeds. The settlement statement shall show the policy proceeds, the initial investment of each Participant, the distribution amount to each Participant, the distribution amount to Retirement and any other distributions coming directly out of the proceeds of the policy. Kiesling shall deduct from the amount collected any payments or fees paid by Kiesling pursuant to these instructions which have not been previously paid and as indicated on the settlement statement. Kiesling shall have no liability or responsibility for the accuracy of the information furnished by other persons or the failure to adjust items not designated in writing. Additional items which may become due for any reason shall be paid to Kiesling by the party owing such amounts within three business days upon demand from Kiesling. Kiesling shall not be liable for payment of any fees or costs not specifically disclosed on the settlement statement executed simultaneously therewith. Payment of any sales, withholding, state, federal, or transfer taxes (collectively "taxes") shall be handled and paid by Retirement outside this escrow, unless otherwise required by Federal or State Law, in which event such taxes shall be paid prior to any distribution being made. Notification or payment to any creditor or vendor not disclosed by the parties prior to closing shall be handled outside this escrow and Kiesling shall have no liability in this regard. If any written instructions necessary to complete the transactions set forth above are given to Kiesling by anyone other than the undersigned parties, including but not limited to Participants, such instructions are presumed to be invalid and shall not be followed by Kiesling without the express written consent of Retirement. Retirement shall defend, indemnify and hold Kiesling harmless from not following instructions from such third parties.
14. In exchange for the services provided by Kiesling as set forth herein, Kiesling will be paid an annual fee of \$250.00 per re-sale life insurance policy for the first twenty-five policies from the funds deposited with Kiesling. Each additional re-sale life insurance policy in excess of twenty-five per year on which funds are deposited will incur an annual fee of \$100.00 for each policy. Such fees will be paid upon receipt of good funds from the first participant in each policy with such fees being deducted directly from the respective separate escrow accounts established by Kiesling. In addition, as additional consideration for the services provided hereunder, upon the initial deposit of funds, Kiesling shall receive an amount equal to one percent (1%) of the face amount of the re-sale life insurance policy for which such funds are being deposited.
15. If Retirement or Kiesling desire to cancel this escrow agreement, the cancelling party will promptly notify the other party in writing of such cancellation. Kiesling shall then comply with such notice and, to the

extent funds are available pay all amounts owed hereunder and then deposit with a third party escrow agent as directed by Retirement all remaining monies and/or documents. Any deficiency shall be paid by Retirement. All annual fees on the respective re-sale life insurance policies will be prorated on a 360 day year. Should any dispute arise between the Retirement and Participants, and/or any other party, concerning the property or funds involved in this transaction, Kiesling may, in its sole discretion, hold all documents and funds in their existing status pending resolution of the dispute, or join in or commence a court action, deposit the money and documents held by it with the court, and require parties to answer and litigate their several claims and rights among themselves. Retirement agrees to pay Kiesling's costs, expenses and reasonable attorney's fees incurred in any legal action arising out of or in connection with the transaction or these instructions, whether such lawsuit is instituted by Kiesling, the parties, or any other person. Upon commencement of an interpleader action and the deposit of all funds and documents of the parties, Kiesling shall be fully released and discharged from all obligations to further perform any duties or obligations otherwise imposed by the terms of this Agreement as to that re-sale life insurance policy and/or Participant.

17. Kiesling's duties are limited to those specifically set out in this agreement. Kiesling shall incur no liability to anyone except for willful misconduct so long as Kiesling acts in good faith. Retirement releases Kiesling from any act done or omitted in good faith in the performance of Kiesling duties. In the event of a conflict between these instructions and any other documents, this Agreement shall control as to Kiesling.
18. All funds received in this escrow will be deposited in an escrow account belonging to Kiesling at the Wells Fargo Bank in New Braunfels, Texas or at such other bank as is agreeable to Kiesling.
19. Unless otherwise directed, Kiesling will make all disbursements by check sent by regular U.S. mail or, at Kiesling's discretion and/or upon direction by Retirement, by wire or delivery service. The parties acknowledge that the funds deposited in this escrow are insured only to the limit provided by the Federal Deposit Insurance Corporation, if any, and that Kiesling has no responsibility for the safe keeping of funds or obligation for the investment of such funds by the depository bank. At the request of Retirement, Kiesling will authorize Bank to invest such funds in Money Markets, Treasury Bills or other government backed securities in accordance with Retirement's instructions. Kiesling assumes no obligations, responsibility or liability with respect to such investments made at Retirement's instructions, including any responsibility for losses, including but not limited to those losses not covered by the Federal Deposit Insurance Corporation, or lack of funds sufficient to pay expenses

or premiums for such re-sale life insurance policies as a result of such directed investments by Retirement, and Retirement shall indemnify, defend and hold Kiesling harmless from any loss, decrease in value or lack of funds due to investment of the Escrowed monies.

20. After seven years from the distribution of the funds in an account, Kiesling may destroy all records, agreements and instruments relating to such account, including all documentation and accounting information.
21. Both parties represent that Kiesling is not required to obtain any licenses or permits to hold and distribute the funds in escrow as required under this Agreement. If at any time Kiesling is required to obtain a license or permit in order to continue to hold and/or distribute the funds as required herein, then such license or permit shall be obtained and the cost of the same shall be reimbursed to Kiesling by Retirement or, at Kiesling's discretion, prorated among the separate policy accounts, within thirty days after demand for such payment is made.
21. These instructions may be executed in one or more counterparts, each of which shall be deemed to be an original, and all such counterparts together shall constitute the same instrument which may be sufficiently evidenced by one counterpart. Execution of these instructions at different times and places by the parties shall not affect the validity hereof. The parties further agree that facsimile and/or electronic signatures shall be legal and binding. These instructions are effective upon execution by all parties. A facsimile copy of a signed original or an email from Retirement of any instructions to Kiesling, transmitted telephonically or electronically to and received by Kiesling in this escrow, may be received and acted on, in Kiesling's discretion, as an original.
22. Time is of the essence for these instructions.
23. This Agreement is solely between Retirement and Kiesling. Neither Participants investing funds with Retirement nor Licensees are intended to be nor shall they be a party to this Agreement or a third party beneficiary of this Agreement. Kiesling has no responsibility, obligations or duties to such Participants and will have no contact with such Participants other than the receipt of funds and transfer of such funds as directed by Retirement. Any and all requests by Participants shall be referred to Retirement. Retirement agrees to indemnify, defend, and hold Kiesling harmless from any liability in this regard.
24. As used herein, the term "re-sale life insurance policies" are defined as those policies covering the life of a third party but owned by a non-related party.

25. This Agreement contains the entire agreement of the parties and cannot be changed except by their written agreement.
26. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, and venue shall be in the courts of Comal County, Texas.
27. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
28. Notwithstanding anything herein to the contrary, if the final date of any period, any date of performance or any deadline date which is set forth in this Agreement falls on a Saturday, Sunday or State or federal legal holiday, then such date shall be extended to the next following date which is not a Saturday, Sunday or federal legal holiday.
29. In any matter in which Retirement is required to defend Kiesling, Retirement shall do so at Retirement's sole expense, with an attorney chosen by Kiesling. Further Retirement shall pay all fees, costs and expenses, including but not limited to attorney fees and expenses as well as the hourly law wages of Kiesling while Kiesling participates in such matter.
- 30. THE PARTIES HERETO ARE AWARE THAT THIS DOCUMENT IS A LEGALLY BINDING AGREEMENT. EACH PARTY SHOULD CONSULT ITS ATTORNEY PRIOR TO EXECUTION OF SAME. THIS DOCUMENT SHALL NOT BE CONSTRUED AGAINST THE DRAFTER.**

RETIREMENT VALUE, LLC

By: Richard H. Gray
Printed Name: RICHARD H. GRAY
Title: PRESIDENT

KIESLING, PORTER, KIESLING & FREE, P.C.

By: Bob R. Kiesling
BOB R. KIESLING, President

List of Exhibits Attached to Affidavit of Rani Sabban

- Exhibit B-1** Texas State Securities Board Certificate signed March 25, 2010 stating that its records fail to reflect that **Richard H. Gray aka Dick Gray** has been registered as a dealer or agent, or registered investment advisor or investment advisor representative, or submitted a notice of filing as such.
- Exhibit B-2** Texas State Securities Board Certificate signed March 25, 2010 stating that its records show **Bruce Collins** has been registered as an agent for Fox Financial Management Corporation from February 11, 2008 through July 2, 2009.
- Exhibit B-3** Texas State Securities Board Certificate signed March 24, 2010 stating that its records fail to reflect that any securities issued by **Retirement Value, LLC** have been registered with the Board or that a permit has been granted for the sale of such securities.
- Exhibit B-4** Certified copy of the Notice of Hearing for June 25, 2009 filed by the Texas Department of Insurance against Richard H. Gray seeking revocation of his insurance license due, in part, to his involvement with Secure Investment Services, Inc. ("SIS"), including allegations that Gray committed fraudulent and dishonest acts and issued bonds without holding the required license.
- Exhibit B-5** Certified copy of the Complaint filed by the Securities and Exchange Commission against Secure Investment Services, Inc. ("SIS") on August 23, 2007 alleging SIS orchestrated a Ponzi scheme and misled investors by providing them with life expectancy estimates certified by a physician from Amscot Medical Labs, Inc. And Midwest Medical Review, LLC.
- Exhibit B-6** Certified copy of the Emergency Cease & Desist Order issued on November 6, 2006 by the Texas Insurance Commissioner against Provident Capital Indemnity, Ltd. for unfair and deceptive acts or practices.
- Exhibit B-7** Certified copy of the Emergency Cease & Desist Order issued on January 17, 2008 by the Texas Securities Commissioner against Provident Capital Indemnity, Ltd. for violations of the Texas Securities Act, including engaging in fraud in connection with the offer for sale

or sale of securities in the form of bonded life contracts or lines of credit promissory notes with security agreements and bonds.

- Exhibit B-8** Certified copy of an Undertaking executed by Hill Country Funding, LLC, by and through Richard H. Gray, and Richard H. Gray, Individually on September 8, 2008 wherein Gray agreed to send rescission offers to investors for any transactions relating to bonds or reinsurance procured through Provident Capital Indemnity, Ltd.
- Exhibit B-9** Certified copy of the 2003 Federal Indictment and Judgment of George Kindness, the purported owner of Midwest Medical Review, LLC, the company which prepares the Life Expectancy reports provided to investors by Retirement Value, LLC.
- Exhibit B-10** Copy of Retirement Value, LLC's website pages as of March 22, 2010.
- Exhibit B-11** A true and accurate transcript of the digital recording of telephone discussions between Bruce Collins and Rani Sabban in his undercover capacity as Cody Walker.
- Exhibit B-12** A true and accurate copy of the package and documents mailed by Michelle and Retirement Value, LLC to Rani Sabban, in his undercover capacity as Cody Walker, on or about March 11, 2010.
- Exhibit B-13** A true and accurate copy of the PowerPoint presentation sent by Bruce Collins and Retirement Value, LLC to Rani Sabban, in his undercover capacity as Cody Walker, via electronic mail message on or about March 11, 2010.
- Exhibit B-14** A true and accurate copy of a second PowerPoint presentation sent by Bruce Collins and Retirement Value, LLC to Rani Sabban, in his undercover capacity as Cody Walker, via electronic mail message on or about March 11, 2010.
- Exhibit B-15** A true and accurate copy of the documents sent by Bruce Collins and Retirement Value, LLC to Rani Sabban, in his undercover capacity as Cody Walker, via electronic mail message on or about March 17, 2010.
- Exhibit B-16** A true and accurate transcript of the digital recording of telephone discussions between Richard "Dick" Gray and Rani Sabban in his undercover capacity as Cody Walker.

Exhibit B-17

A true and accurate copy of the "Non Qualified Paperwork" sent by Bruce Collins and Retirement Value, LLC to Rani Sabban, in his undercover capacity as Cody Walker, via electronic message on or about March 23, 2010.

STATE OF TEXAS

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COUNTY OF TRAVIS

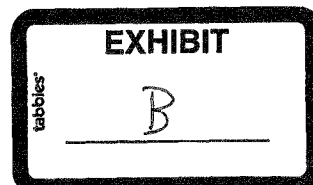
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AFFIDAVIT OF RANI SABBAN

BEFORE ME, the undersigned authority, personally appeared Rani Sabban, who after being duly sworn, stated as follows:

1. My name is Rani Sabban. I am over 18 years of age, of sound mind and capable of making this affidavit. The facts stated in this affidavit are within my personal knowledge and are true and correct.
2. I am employed as a Financial Examiner in the Austin office of the Texas State Securities Board (hereinafter referred to as the "TSSB"). I am in the Enforcement Division. I have been so employed from June 11, 2007, to the present. My job duties include conducting investigations that will prevent or detect violations of the Texas Securities Act, TEX. REV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2010).
3. I am conducting an investigation of suspected violations of the Texas Securities Act by Retirement Value, LLC (hereinafter referred to as "Retirement Value"), Richard Gray (hereinafter referred to as "Gray"), and Bruce Collins (hereinafter referred to as "Collins"). These suspected violations are based upon its offer and sale of investments in a program referred to as the Re-Sale Life Insurance Policy Program.
4. I am aware that the Texas Securities Act provides that persons and entities that offer for sale and sell securities in Texas must generally be first registered as dealers or agents with the Securities Commissioner. Retirement Value, Gray, and Collins are not, however, currently registered with the Securities Commissioner as dealers or agents and they have not been registered in said capacities at any time material hereto. *See Exhibit B-1 and B-2.*
5. I am also aware that all securities that are offered for sale and sold in Texas must generally first be registered with the Securities Commissioner or issued a permit for sale in Texas. The Re-Sale Life Insurance Policy Program has not, however, been registered by qualification, notification or coordination at any time material hereto, and no permit has been granted for sale in Texas at any time material hereto. *See Exhibit B-3.*
6. I am aware that Gray and affiliated entities have previously been involved in law enforcement and regulatory proceedings based upon the sale of investments. For example:



- A. I am aware that on or about June 25, 2009, the Texas Department of Insurance filed a Notice of Hearing with the State Office of Administrative Hearings in Docket No. 454-09-4867C. I have reviewed a copy of this Notice of Hearing, which named Defendant Gray and sought the revocation of his insurance license based in part upon his conduct as an agent of Secure Investment Services, Inc (hereinafter referred to as SIS"). The Notice of Hearing filed by the Texas Department of Insurance specifically alleged that Defendant Gray committed fraudulent or dishonest acts or practices and issued bonds without holding the required General Property and Casualty License. I have attached a true and accurate copy of this Notice of Hearing to this Affidavit as **Exhibit B-4**.
- B. I am also aware that on or about August 23, 2007, the United States Securities and Exchange Commission filed a complaint against SIS and others in Cause No. 2:07-cv-01724-LEW-CMK, in the United States District Court for the Eastern District of California, Sacramento Division. The complaint alleged, among other things, that SIS orchestrated a Ponzi scheme and misled investors by providing them life expectancy estimates certified by a physician from Amscot Medical Labs, Inc., and Midwest Medical Review, LLC (hereinafter referred to as "Midwest Medical"). I have attached a true and accurate copy of this complaint to this Affidavit as **Exhibit B-5**.
- C. I have reviewed investigatory records that indicate that Gray served as the Managing Member of Hill Country Funding, LLC (hereinafter referred to as "Hill Country Funding"). Gray, acting in this capacity, purportedly offered for sale and sold investments in bonded life settlement contracts purportedly issued by American Settlement Associates, LLC (hereinafter referred to as "ASA"). These bonded life settlement contracts were also purportedly secured by a bond issued by Provident Capital Indemnity, Ltd.
- D. At the time that Gray, Hill Country Funding, and ASA offered for sale and sold the bonded life settlement contracts, the Texas Department of Insurance and the Texas State Securities Board had already taken actions against Provident Capital Indemnity, Ltd. I have attached true and accurate copies of Emergency Cease and Desist Orders entered against Provident Capital Indemnity, Ltd., by both the Insurance Commissioner and the Securities Commissioner as **Exhibit B-6** and **B-7**.
- E. I know that, on or about September 8, 2008, Gray, both individually and in his capacity as Managing Member of Hill Country Funding, LLC, filed an Undertaking with the Securities Commissioner. I have attached a true and accurate copy of this Undertaking to this Affidavit as **Exhibit B-8**.
7. I have reviewed records related to Midwest Medical and its purported owner, George Kindness. These records indicated that in or around November 2003, George Kindness was indicted for twenty-one counts involving conspiracy and fraud in the introduction of misbranded and adulterated drugs into commerce in United States of America v. George

Kindness et al., CR. No. 03-20433BV, in the United States District Court for the Western District of Tennessee, Western Division. The indictment also alleged that George Kindness falsely represented himself to be a medical doctor. He later pleaded to one count of the indictment and is a convicted felon. I have attached true and accurate copies of these records hereto as **Exhibit B-9**.

8. On March 11, 2010, I observed Retirement Value's website at www.retirementvalue.com (hereinafter referred to as the "Retirement Value Website"). The Retirement Value Website indicated that Retirement Value could be contacted by telephone at (830) 624-8858. See **Exhibit B-10**.
9. Acting in an undercover capacity, thereafter I called (830) 624-8858 from the TSSB undercover telephone line. When acting in this capacity, I do not indicate that I am employed by the TSSB and I use a pseudonym instead of my real name. I use this technique because I am aware that persons and entities engaged in suspected violations of the Texas Securities Act often do not provide true and accurate information to regulatory or law enforcement personnel.
10. A female answered my call and said, "Retirement Value, this is Michelle." (hereinafter referred to as "Michelle"). I told Michelle I received a flyer and was calling to hear about what they had available. Michelle asked me to identify the person who provided me with the flyer. I said I met an individual on the golf course named "Brian." Michelle said she believed "Brian" was "Brian Servanka" (phonetic) and then transferred my call to Collins. Before transferring my telephone call, however, she identified Collins as the Chief Operating Officer of Retirement Value.
11. Collins answered the phone and confirmed he was the Chief Operating Officer. He specifically stated that I was "talking with the Chief Operating Officer of the company" and that I "got to the top right away." I have attached true and accurate transcripts of this digital recording as **Exhibit B-11**.
12. I explained to him I received a flyer on the golf course and was interested in hearing a little bit about the investment. Collins asked if I was in the area. I told him I lived in Pflugerville. Collins asked for my name, home address, email address, and telephone number. I provided this information to Collins, but I did not provide him with the mailing address of the TSSB, the Agency's telephone number or any information that could be used to identify me as being associated with law enforcement. See **Exhibit 11**.
13. Collins asked what I knew about the product. I told him I knew just a little bit about life settlements based on what the guy told me at the golf course. Collins promised to send me documents by email and send me a priority package in the mail. He told me we could talk on the telephone on Monday or get together after I receive the information. We agreed to talk again on Monday after I received the information. See **Exhibit B-11**.

14. Later on March 11, 2010, I received an email notification from UPS that indicated a package was sent from Michelle and Retirement Value at the address of 707 N Walnut Ave Ste 101, New Braunfels, TX 78130-7951.
15. During the course of my investigation I received numerous electronic mail messages from Collins. These electronic mail messages were sent from bcollins@retirementvalue.com and nostockmarketrisk@yahoo.com. The body of the electronic mail messages received from bcollins@retirementvalue.com identified Collins as the Chief Operating Officer for Retirement Value, LLC, identified his address as 707 N. Walnut St., New Braunfels, TX 78130, identified his telephone numbers as (830) 624-8850 and (214) 732-5422. The body of the electronic mail messages received from nostockmarketrisk@yahoo.com identified Collins as a Certified Estate Planner, identified his address as 1510 Legendary Ct., Grand Prairie, TX 75050, and identified his telephone numbers as (214) 732-5422, (800) 410 5987 and (972) 602 6929.
16. On March 13, 2010, I received the package referenced in paragraph 14 via UPS at the mailing address that I previously provided to Collins. This mailing address is in Travis County, Texas. The package contained materials and information relating to the Re-Sale Life Insurance Policy Program. I have attached true and accurate reproductions of these materials and information to this Affidavit as **Exhibit B-12**.
17. Based upon the Retirement Value Website, my conversation with Collins, the electronic mail correspondences, the electronic documents that I received via electronic mail and the materials and information that I received via UPS, I learned that Retirement Value and Collins were offering for sale and selling investments in the death benefits of life insurance policies. Retirement Value and Collins were marketing and referring to the investments as Retirement Value's Re-Sale Life Insurance Policy Program.
18. The Re-Sale Life Insurance Policy Program was described in significant detail in two Power Point presentations further identified as "An Introduction to Re-Sale Life Policies for Individual Participants Presented by Bruce G. Collins, Chief Operating Officer" (hereinafter referred to as the "Collins Power Point") and "Resale Life Insurance Policies" (hereinafter referred to as the "RV Client Power Point Presentation") and each were attached in two of the aforesaid electronic mail correspondences. I accessed both the Collins Power Point and the RV Client Power Point Presentation using Microsoft Power Point, and I have attached true and accurate copies of the reproductions to this affidavit in **Exhibits B-13 and Exhibit 14**.
19. The Collins Power Point contained the following representations regarding Retirement Value and the Re-Sale Life Insurance Policy Program:
 - A. Retirement Value policies are "Targeted to Yield **16.5%** per year" for investors. See **Exhibit B-13**.
 - B. Retirement Value uses "Independent LE [life expectancy] evaluations from three

- companies per insured... [and they use] the longest life expectancy report time." See **Exhibit B-13**.
- C. Retirement Value purports "**90%** of policies **mature at or before**" projected life expectancy. See **Exhibit B-13**.
 - D. "**95%** of policies **mature at or before LE** [life expectancy] **plus 12 months**." See **Exhibit B-13**.
 - E. Retirement Value "**Escrows Maintenance Costs to LE** [life expectancy] **plus 24 months**." See **Exhibit B-13**.
 - F. Participants in the program will become "**IRREVOCABLE Co-Beneficiaries**" to the re-sale life insurance policies. See **Exhibit B-13**.
20. The RV Client Power Point Presentation contained the following representations regarding Retirement Value and the Re-Sale Life Insurance Policy Program:
- A. The insureds of the policies "typically are well advanced in years and have a LE [life expectancies] of 3 to 10 years." See **Exhibit B-14**.
 - B. That based on 14,700 cases written and based on a random sample of 5,000 cases written, Midwest [Midwest Medical] is accurate **95%** of the time. See **Exhibit B-14**.
 - C. Midwest Medical is "one of the two largest active life expectancy firms." See **Exhibit B-14**.
 - D. "Retirement Value is the only model that sets aside premium payments for [**LE + 24 MONTHS**]" ensuring that Retirement Value's projections missing the target life expectancy is less than **2%**. See **Exhibit B-14**.
 - E. Midwest Medical is **98.5%** accurate within 12 months after expected LE [life expectancy]. See **Exhibit B-14**.
21. On March 15, 2010, I contacted Collins via telephone at (214) 732-5422, a telephone number he previously provided to me. I told Collins I received the package in the mail and confirmed that I received the aforesaid email correspondence. See **Exhibit 11**.
22. During this conversation, Collins told me that Gray was the President of Retirement Value. I was able to confirm this representation, in part, through my review of materials that Collins had previously provided to me and through my review of the Retirement Value Website. See **Exhibit 11**.
23. During this telephone conversation, Collins also described the Re-Sale Life Insurance Policy Program as an investment in a fractional portion of a death benefit of a life insurance

policy, which has been sold by the original owner into the investment market. Collins said that, by any objective measure, this investment was an extremely safe investment. He also described the life insurance carriers used by Retirement Value as being A+ rated. *See Exhibit 11.*

24. Collins told me that I would make my check payable to "Kiesling Porter," an entity that he described as a licensed bonded escrow agent. Collins represented that "Kiesling Porter" would receive my funds and then apportion my funds into different accounts held at Wells Fargo. *See Exhibit 11.*
25. Collins and I discussed the possibility of meeting in person before we concluded the conversation. He also promised to send me additional investment materials via electronic mail. *See Exhibit B-11.*
26. I later confirmed "Kiesling Porter" to be Kiesling, Porter, Kiesling & Free, P.C., a law firm located in New Braunfels, Texas (hereinafter referred to as Kiesling Porter"). I reviewed the firm's website at www.kieslinglaw.com and noted that the firm represented therein that it provided escrow services for Retirement Value.
27. On March 17, 2010, I received an electronic message from nostockmarketrisk@yahoo.com. The "From" field of the message showed it was sent by "Bruce Collins" at nostockmarketrisk@yahoo.com. Attached to this electronic mail message were six files, including documents describing the Re-Sale Life Insurance Policy Program. I have attached true and accurate reproductions of the electronic message and some of the documents to this Affidavit as **Exhibit B-15**.
28. At a later date, I sent an electronic mail message to Collins at an electronic mail address identified within this Affidavit. I represented therein that I wanted to talk to Gray regarding the investment.
29. On March 19, 2010, Collins responded via electronic mail and directed me to contact Gray by telephone at (830) 624-8858. The "CC" field of that electronic mail indicated that Gray at rgray@retirementvalue.com was also a recipient of the email.
30. On March 19, 2010, I contacted (830) 624-8858 via telephone on the TSSB undercover line. When my call was answered, I asked to speak with Gray. I was transferred to a voice message system, and I left a message requesting he return my phone call. I provided my pseudonym and the telephone number for the TSSB undercover phone. At no time did I identify myself by my real name or indicate that I was employed by a law enforcement agency.
31. On March 22, 2010, Gray contacted me via telephone at the telephone number for the TSSB undercover phone. This telephone call was digitally recorded using a digital recording device attached to the TSSB undercover telephone. I have attached true and accurate transcripts of this digital recording as **Exhibit B-16**.

32. As reflected within the transcripts, Gray made the following representations during this telephone call:
- A. Gray is the principal owner, the founder, and the president of the company. *See Exhibit B-16.*
 - B. The difference between the death benefit and all of the expenses associated with the transaction accounts for how investors' money would earn an annual rate of 16.5%. *See Exhibit B-16.*
 - C. Retirement Value currently uses three different independent companies to calculate the life expectancies. Retirement Value then uses the longest life expectancy from the three companies. *See Exhibit B-16.*
 - D. Identified Midwest Medical as one of the three companies used to calculate life expectancies. Also that Midwest Medical has been independently evaluated and a preliminary report shows Midwest Medical life expectancies to be accurate 92% of the time. *See Exhibit B-16.*
 - E. Investors' funds are directed to Kiesling Porter, the escrow agent previously described by Collins. Kiesling Porter then deposits the funds at Wells Fargo Bank. The funds at Wells Fargo Bank are then held in separate escrow accounts for each life insurance policy. *See Exhibit B-16.*
 - F. The identity of Retirement Value's financing entity is proprietary information, but he has been in the business for fifteen years and is the largest aggregator of these policies in North America. Additionally, he reviews hundreds of millions of dollars in face amounts of death benefit policies every week and carefully "cherry picks" the policies for Retirement Value. *See Exhibit B-16.*
 - G. Investors would become irrevocable co-beneficiaries. *See Exhibit B-16.*
33. On March 23, 2010, Gray contacted me again through the TSSB undercover telephone number that I previously provided to him on his voice message system. During this conversation, I asked Gray how many people had invested with Retirement Value. Gray told me that Retirement Value had between 750 and 800 investors and that Retirement Value expected to have received \$100 million by April 30, 2010. *See Exhibit B-16.*
34. I told Gray I was ready to make an investment and asked what I needed to do next. Gray agreed to send me, via email, an agreement for me to complete. *See Exhibit B-16.*
35. Later on March 23, 2010, I received an electronic message from mskasik@retirementvalue.com. The "From" field of the message showed it was sent by "Melissa Skasik" at mskasik@retirementvalue.com. The "CC" field of this message

indicated it was also sent to a person identified as "DeAnne Lewis" at dlewis@retirementvalue.com, a person identified as "Wendy Rogers" at wrogers@retirementvalue.com, and a person identified as "Bruce Collins" at bcollins@retirementvalue.com. See **Exhibit B-17**.

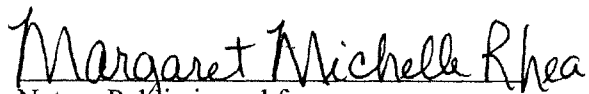
36. Attached to this electronic mail message was an electronic document styled "2010-3-16 Non Qualified Paperwork.pdf." I reviewed this document and determined that it was an agreement that investors would complete to invest in the Re-Sale Life Insurance Policy Program. I have reproduced this document and attached a true and accurate copy of it to this Affidavit as **Exhibit B-17**.
37. On March 25, 2010, I contacted Gray (210) 392-3550, which he previously identified as his cellular telephone number. I told Gray I was doing some due diligence and asked him about George Kindness (hereinafter referred to as "Kindness"). Gray identified Kindness as the owner of Midwest Medical which is the company that prepares the Life Expectancy reports Retirement Value provides to investors.
38. I told Gray I did a Google search for Midwest and found a Securities and Exchange Commission (hereinafter referred to as the "SEC") document that indicated he was a convicted felon. Gray said I had "stumbled on something that we have all known about all along, something that routinely comes up, and [he] probably should have brought it up to [me] but we are way beyond it." He also described it as being "bullshit." Gray described Kindness as a brilliant man who has made some mistakes. See **Exhibit B-16**.
39. Gray said the SEC in their effort to close down a rather small brokerage operation in California "threw the kitchen sink at everybody involved." Gray said Kindness was indicted on 21 "points" by the Food and Drug Administration several years ago. He pled guilty to one of the 21 offenses, paid a \$1,000 fine, and was on probation for a year. Gray further said Kindness has a PhD and was a trained physician from Edinburgh, Scotland. I told Gray it says in the SEC complaint that Kindness is not a medical doctor. Gray agreed Kindness was not a medical doctor, but represented that he has a legitimate practicing doctor, Glenn Chapman, sign all paperwork related to Midwest. See **Exhibit B-16**.
40. Gray said this issue has continued to come up, so he and Retirement Value's Policy Source each put up \$10,000 to have an independent audit done of the results produced by Kindness over the years. Gray said the audit was performed by the Hess Company (hereinafter referred to as "Hess") in Princeton, New Jersey, and it was given 18,000 life expectancy reports produced by Kindness over the years. Gray told me that Hess concluded that Midwest was accurate 92% of the time. Gray said he thinks it is safe to say, by the middle of June, every policy that appears in Retirement Value's portfolio will be accompanied by three different independent life expectancy reports, and Retirement Value will always choose the longest of the three reports. **Exhibit B-16**.
41. I told Gray I was looking at a life expectancy certificate previously provided to me, and the life expectancy certificate contains a section that is whitened out. Gray confirmed my

suspicion and represented that the section is, in fact, whitened out. He explained that this was because the redacted section identified Retirement Value's Policy Source, which was the largest aggregator in North America. **Exhibit B-16.**

42. Gray then identified the company as James Settlement Services and Ron James (collectively hereinafter referred to as "James"). Gray further stated James has been in the business for 15 years and previously ran one of the largest financial planning offices on the West coast. James and his son purportedly review policies that are predicated on as much as \$205 million in death benefits a week and cherry pick the best policies. *See Exhibit B-16.*
43. I have reviewed a preliminary report received by the Enforcement Division and purportedly executed by James L. Hess of HessMorganHouse, LLC (hereinafter referred to as "HMH Consulting.") The preliminary report dated February 22, 2010, concludes that on the surface there seems to be clear evidence that [Midwest Medical]'s Life Expectancy Estimates have not been accurate and there is a strong tendency for [Midwest Medical]'s Median Life Expectancy Estimates to be too short.
44. HMH Consulting qualified its finding by noting that it uncovered a large number of data issues during the audit and analysis and that these data issues precluded a fully reliable statistical analysis.
45. As of April 13, 2010, there has been no additional correspondence between Retirement Value or any of its representatives and me.


AFFIANT

Sworn to and subscribed before me on the 4th day of May, 2010, by Rani Sabban.


Notary Public in and for
the State of Texas
My commission expires on 5-2-2013

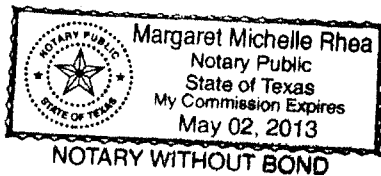


EXHIBIT C

STATE OF TEXAS
COUNTY OF TRAVIS

AFFIDAVIT OF LETHA LOUISE SPARKS

Before me the undersigned notary, on this day personally appeared Letha Louise Sparks, a person whose identity is known to me. After I administered an oath to her, upon her oath she said:

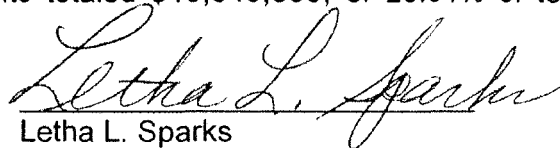
1. My name is Letha Louise Sparks; I am of sound mind, capable of making this affidavit. The facts stated in this affidavit are within my personal knowledge and are true and correct.
2. I am employed as an Investigator/Financial Analyst with the Enforcement Division of the Texas State Securities Board, and I am assigned to the Austin office located at 208 East 10th Street, Fifth Floor, Austin, Texas 78701. I have been continuously employed as such since May, 1998. My job duties include investigating securities fraud and analyzing financial transactions as reflected in bank records and other supporting documents. I have testified as an expert in financial matters at civil and criminal trials concerning the sources of funds into bank accounts and the uses of those funds by securities' promoters, sales agents, and/or brokers and the companies they control. I am a Certified Public Accountant in the State of Texas and have been since February, 1981. I am also Certified in Financial Forensics by the American Institute of Certified Public Accountants, effective January 31, 2009. I have provided investigative accounting services to the Federal Deposit Insurance Corporation, the Resolution Trust Corporation and various companies and attorneys in civil actions filed or brought in state courts both in Pennsylvania and Texas, and in federal courts in Texas, Pennsylvania and New Jersey. I have also been employed as an Assistant Professor of Accounting at St. Edward's University in Austin, Texas; Southwestern University in Georgetown, Texas; and Temple University in Philadelphia, Pennsylvania. I have further served as an Adjunct Professor of Accounting at Tarleton State University in Stephenville, Texas, and the University of Central Texas in Killeen, Texas.
3. I have prepared and executed this affidavit in connection with my employment with the Enforcement Division of the Texas State Securities Board. The

methodology described within this affidavit is consistent with my training and experience. I have been qualified as an expert witness and testified in state court based upon my use of this methodology in connection with previous investigations and prosecutions.

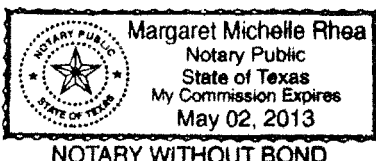
4. During March 2010 I received, reviewed and analyzed over 2075 pages of banking records provided to the Enforcement Division by Wells Fargo Bank, N.A. These records were received by the Enforcement Division contemporaneously with an executed affidavit attesting to the authenticity and reliability of the records. These records relate to the following bank accounts held in the name of Kiesling, Porter, Kiesling & Free, P.C. (hereinafter "KPK"), as Escrow funds on behalf of Retirement Value, LLC (hereinafter "Retirement Value"): 7528808541; 7528808558; 7528808566; 7528808574; 7528808582; 7528808590; 7528808608; 7528808616; 7528808624; 7528808632; 7528809150; 7528809168; 7528809176; 7528809184; 7528809192; 7528808772; 752880876; 6554971199; 6554971207; 6554971215; 6554971090; 6554971108; 6554971116; 6554971074; 6554971082; 6554971140; 6554971157; 6554971165; 6554971132; 6554971173; 6554971181; 9200168756; 9200168632; 9200168624; 9200168582; and 2475687212. In addition, Wells Fargo accounts in the name of Retirement Value included accounts 7528808798 and 1456460821. Other Wells Fargo accounts were held in the names of Richard H. or Catherine Gray, and included accounts 8555498370 and 660-5759460; accounts in the name of Andrew E. Gray or Richard H. Gray (account #019-3677739) and an account #753-9325170 in the name of Douglas D. Gray or Richard H. Gray were also reviewed. The subpoenaed bank records were supplemented with information provided by KPK pursuant to a subpoena.
5. An analysis of the aforementioned banking records indicates that the KPK account 247-5687212 (hereinafter "KPK 7212") has functioned as the main escrow account for Retirement Value. As investor funds are received, they are deposited initially into the KPK 7212 account. From this account, commissions are paid to Retirement Value, the various sales agents and finders fees, as well as escrow fees to the KPK firm. Then, the investors' funds are divided between the various other KPK accounts that have been established as individual policy escrow accounts. From time to time, amounts are transferred out of the individual policy KPK escrow accounts back into the KPK 7212 account. These transfers are variously labeled as transfers for "premium payments," or for payments to Pacific Northwest Title of Oregon (hereinafter "Pacific Title") or as cancellation of an investment. A number of transfers were made between the various individual policy escrow accounts and were labeled "reassigned overages." The insurance policy premium payments and wire transfers to Pacific Title to purchase the various life insurance policies are made from the KPK 7212 account. The payment of the

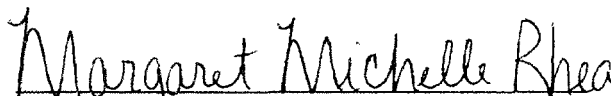
agent and Retirement Value commissions and escrow fees are also made from the KPK 7212 account, at the beginning of the process.

6. From my review of the aforementioned banking records, I prepared a statement that shows the sources and uses of funds in the KPK 7212 escrow account. This statement is attached as Exhibit C1.
7. During the period of March 11, 2009 through February 28, 2010, investor deposits totaled \$65,558,374 into the Retirement Value KPK 7212 escrow account, which amounts to 100% of the funds received into this account. Although a couple of refunds from Pacific Title were wired into this account, these refunds reduce the amount paid to purchase the life insurance policies and are accounted for accordingly.
8. Payments made to Pacific Title during the period of March 11, 2009 through February 28, 2010 to purchase the life insurance policies totaled \$20,232,798, representing about 30.9% of the total receipts. At the same time, Retirement Value has been paid \$8,498,176 as "commissions," which is almost 13% of the total receipts. Sales agents, finders, and escrow fees totaled \$9,994,542, or 15.25% of total receipts. Life insurance premiums were paid in the amount of \$1,248,230, amounting to about 2% of the total receipts.
9. At February 28, 2010, the KPK 7212 and other individual policy escrow accounts held funds totaling \$7,850,765. KPK has informed the Enforcement Division that they have set up brokerage accounts for each of the individual policy escrow accounts. Funds totaling \$11,498,570 have been transferred into these accounts and a substantial portion of these funds were used to purchase T-bills with a small amount of cash funds remaining in the brokerage accounts. Thus, as of February 28, 2010, funds on hand in the various KPK Retirement Value escrow accounts totaled \$19,349,335, or 29.51% of total receipts.


Letha L. Sparks

Sworn to and subscribed before me by Letha L. Sparks on
May 4, 2010.




Notary Public in and for the State of Texas
My commission expires: May 2, 2013