

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

STATE OF TEXAS,

Plaintiff,

v.

RETIREMENT VALUE, LLC,
RICHARD H. "DICK" GRAY, HILL
COUNTRY FUNDING, LLC, a
Texas Limited Liability Company,
HILL COUNTRY FUNDING, a Nevada
Limited Liability Company, and
WENDY ROGERS,

Defendants,

AND

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

Relief Defendant.

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

126th JUDICIAL DISTRICT

RECEIVER'S MOTION FOR PARTIAL SUMMARY JUDGMENT

Eduardo S. Espinosa, in his capacity as the court-appointed Receiver of Retirement Value, LLC, moves the Court for partial summary judgment against Defendant Wendy Rogers.

SUMMARY

By this motion, the Receiver moves for partial summary judgment on three issues: (1) that the investment program sold by Retirement Value is a security; (2) that Retirement Value violated the Texas Securities Act by selling a security without registration; and (3) that Wendy Rogers violated her fiduciary duty to Retirement Value by causing it to violate the law by selling an unregistered security.

FACTUAL BACKGROUND

Wendy Rogers was an officer, manager and member of Retirement Value. In the initial meeting of Retirement Value, Rogers was named one of two managers for the company. Acceptance of Office – RVR016955 (Espinosa Aff. Exh. C). She also owned 10% of the company. Rogers Dep. at 304¹. Rogers was also an officer of Retirement Value. *Id.* She started as a Vice-President and was later promoted to Chief Executive Officer. *Id.* at 304-05. Together with Co-Defendant Richard Gray, Rogers controlled Retirement Value.

Retirement Value offered an investment scheme (the “Resale Life Insurance Policy Program” or “RSLIP”) to the public based on the anticipated proceeds of the life settlement transactions entered into by Retirement Value. Each of the investments was structured as a loan to Retirement Value, whereby the investors provided Retirement Value with funds in exchange for Retirement Value’s promise to pay a fixed sum of money at a date in the future. Rogers Dep. at 226-28. The amount that Retirement Value agreed to pay was tied to the calculated life expectancy of insureds under life insurance policies purportedly owned by Retirement Value. In all instances, Retirement Value agreed to pay a return of 16.5% simple interest per year for the insured’s calculated life expectancy. Rogers Dep. at 213-14. Thus, on a \$10,000 investment in a policy where the insured had a calculated life expectancy of 64 months Retirement Value would pay \$18,800. The date on which the insured under the policy died set the date that the investment matured and when Retirement Value would be required to repay the loan. *Id.* at 228. The loan’s maturity date did not affect the amount of money that Retirement Value was obligated to pay the investor, except that investors were entitled to a return of unused premiums, if any.

Excerpts from the deposition of Wendy Rogers and certain deposition exhibits are attached as Exhibit A to the Napoli Affidavit.

Although each investor was allowed to allocate his or her investment so that it was matched with a rotating portfolio of life insurance policies maintained by Retirement Value, no investor ever acquired any form of fractional or other ownership interest in an insurance policy. Rogers Dep. at 225. Rogers describes the RSLIP as "an investment based on an insurance policy." *Id.*

As Retirement Value's Policy Participation Agreement notes, the purpose of the investment was for the investor to "assist [Retirement Value] in acquiring, purchasing and becoming sole owner of a certain re-sale life insurance policies." Policy Participation Agreement (Non-Qualified) (Rogers Exh. 33 at 3). The investor and Retirement Value agreed that

- The resale life insurance policy model developed by [Retirement Value] is a private transaction in which one investor (Agent [Retirement Value]) buys policies from another investor (the policy supplier). *Id.* at 4.
- [Investor] desires to assist [Retirement Value] to acquire, purchase and become sole owner of certain re-sale life insurance policies. *Id.* at 10.

Instead of becoming owners of all or a piece of an insurance policy, the investors were providing funds to Retirement Value to enable Retirement Value to purchase policies for its own account. *Id.* (Investor "agrees to participate with said funds to cover all costs associated with the following re-sale life insurance policies to be owned by [Retirement Value].") The policy participation agreements used for investments by IRAs are equally blunt:

The Agent alone shall have complete and sole ownership of each and every re-sale life insurance policy enumerated in Exhibit A. ... No part of this Loan transaction ever gives the Individual Retirement Account ownership in any re-sale life insurance policy.

IRA Owner's Policy Participation Agreement (Rogers Exh. 39 at 20).

That Retirement Value was borrowing money from investors to purchase policies for its own account was part of Retirement Value's marketing and was routinely explained to its sales

agents (called "licensees") to assist in their sales efforts. Retirement Value's primary marketing tool, a glossy 12-page brochure, advertised that "Your funds allow Retirement Value, LLC to purchase and to own re-sale life insurance policies" RVR019542 Marketing Brochure at 6 (Rogers Ex. 18). This representation was echoed in communications with licensees:

- RVR013576 (Espinosa Aff. Ex. D) - "A Licensee associated with RV actually 'sells' nothing - ever. Licensees with RV inform their clients that a business loan (which finances our activity as a private buyer of previously-sold life insurance policies - 'hence resale policies')"
- RVR013795 (Espinosa Aff. Ex. E) - "as stated above we will within days-finally!-scrub the paperwork to clarify all these points and to convert all NON-qualified forms to reflect very clearly the 'loan' model for 100% of our cases. It will be made perfectly clear (if it is not already so - we repeatedly state that client funds are used to 'facilitate by RV the acquisition, purchase and sole-ownership of certain re-sale life insurance policies' (that we are the only owners and they are in effect, in a commercial transaction, making loans to us for that purpose."
- RVR018785 (Rogers Ex. 32) - "We are not buying or selling anything in Florida. As our Licensees you are inviting your clients to act, in effect, as 'facilitators' - to enable us to conduct our business through relatively short-term business loans. They do not buy into anything and they are not made shareholders or owners of anything. We do not ever fractionalize the ownership side of any policy I am seeing more and more clearly we ought to call it exactly what it is - a business loan"

Defendant Rogers planned to use similar language in a frequently asked questions book she was preparing for licensee use. RVR020010 (Espinosa Aff. Ex. F) ("Your client buys nothing. Your client is a lender to RV so that RV can buy the policies.")

Retirement Value marketed its investment scheme broadly across the country. Retirement Value signed up over 1,200 licensees and paid nearly \$13 million in commissions to licensees. Rogers Dep. at 294. Acting on its behalf, Retirement Value's licensees sold its investment scheme in many states, including Texas, California and Florida. *Id.* at 294-95. The licensees solicited investments on behalf of Retirement Value radio programs, seminars, and personal contacts. Rogers Dep. at 21, 30-31 (discussing a seminar put on by licensee Doc

Gallagher and a radio program by licensee Mike Ahlers in Tampa advertising Retirement Value). To support the licensees marketing efforts, Retirement Value created brochures, Power Point presentations, cold calling scripts and a website. *Id.* at 14-15. Through its marketing efforts, Retirement Value raised more than \$77 million from more than 900 investors. *Id.* at 25-26.

ARGUMENTS AND AUTHORITIES

The investments sold by Retirement Value were securities under the Texas Securities Act. They are notes, evidence of indebtedness and/or investment contracts. The sale of these securities by Retirement Value was neither registered nor subject to any exemption from registration provided by the Securities Act or by federal securities law. As a result, Retirement Value sold securities in violation of Texas law. Defendant Rogers, in violation of her duties of loyalty and due care, caused Retirement Value to violate the law in order to generate substantial distributions to her and the other officers and directors.

I. The Investments Sold by Retirement Value were Securities under Texas Law

The Texas Securities Act, TEX. SECV. CIV. STAT. art. 581-1, sets out rules and regulations related to the sale of securities in Texas.² The Act defines “security” broadly. Article 581-4A defines “security” or “securities” to “include any limited partner interest in a limited partnership share, stock, treasury stock, stock certificate under a voting trust agreement, collateral trust certificate . . . note, bond, debenture, mortgage certificate or other evidence of indebtedness, any form of commercial paper . . . or all of the capital, property, assets, profits or earnings of any company, investment contract, or other instrument commonly known as security” (Emphasis added.) As the First Court of Appeals made clear in *Caldwell v. State*, 95 S.W.3d

² Because the Texas Securities Act is so similar to the federal Securities Exchange Act, Texas courts look to decisions of the federal courts to aid in the interpretation of the Texas Act. *Searsy v. Commercial Trading Corp.*, 560 S.W.2d 637 (Tex. 1977).

563, 566 (Tex. App.—Houston [1st Dist.] 2002, pet. ref'd), "the term 'security' has been defined broadly and encompasses unusual financial instruments as well as those commonly considered securities." Moreover, as the *Caldwell* court said, "securities laws must operate to give effect to their remedial purposes by allowing substantive 'economic realities' to govern over form." *Id.* The purpose of the Texas Securities Act, like that of the federal securities act, is "to regulate investments in whatever form they are made and by whatever name they are called." *Reves v. Ernst & Young*, 494 U.S. 56, 61 (1990)

A. The RSLIP Is a Note for Purposes of the Texas Securities Act

The RSLIP is a note by which Retirement Value promised to pay a sum of money to each investor who invested in the RSLIP. It is generally accepted that a "note" is a "written promise by one party to pay money to another party or to bearer." BLACK'S LAW DICTIONARY 1088 (8th ed. 2004). Investors invested in the RSLIP through two forms of documents: (i) a Loan Agreement and IRA Owner's Policy Participation Agreement used for investments by IRA and other qualified retirement accounts (the "Qualified Paperwork"); and (ii) a Policy Participation Agreement (Non-Qualified) used for all other investments. Rogers Dep. at 123-26, 287-88 and Exh. 33, 39.

The Qualified Paperwork is in the form of a note. Rogers Dep. at 131. It is called a "loan agreement" and describes the investor as a "lender." Loan Agreement (Rogers Exh. 39 at 12). It provides that the "lender" will "Loan to [Retirement Value] certain funds from an Individual Retirement Account" to be used to enable Retirement Value to "acquire, purchase and be sole owner" of life insurance policies. *Id.* at 13. In exchange, Retirement Value promised that when "maturity occurs due to the passing of the Insured, even if the Insured's passing is prior to the expiration of the calculated LE, the Loan Agreement will result in the Individual

Retirement Account receiving a full return of all the original Loan amount plus all promised baseline expected interest." *Id.* at 15 (emphasis in original). The investor would receive "income" in the form of interest. *Id.* at 25; Rogers Dep. at 237 (acknowledging that "expected gain" as used on Exhibit A meant "interest").

Although not in the form of a "note" or a "loan agreement," the Policy Participation Agreement (Non-Qualified) was also a written agreement to pay a sum of money. It provides that the investor (now called a "participant") will provide money to enable Retirement Value "to acquire, purchase and become sole owner of certain re-sale life insurance policies." Policy Participation Agreement (Non-Qualified) (Rogers Exh. 33 at 1). In exchange Retirement Value promised that when "maturity occurs due to the passing of the Insured, even if the Insured's passing is prior to the expiration of the calculation LE, Participant will receive a full net disbursement of their original participation plus targeted gains for the full term of this Agreement and will not be paid only a pro-rated partial return." *Id.* at 5 (emphasis in original). Although not called interest, the expected gain was "paid for the use of your funds during the time contained in the Agreement." *Id.* at 3. Interest is, of course, defined in Texas law as "compensation for the use, forbearance, or detention of money," TEX. FIN. CODE § 301.002(a)(4); Rogers Dep. at 237 (acknowledging that "baseline expected gain" meant interest).

That the RSI¹⁰ paperwork is not precisely in the form of a promissory note is not significant. The United States Supreme Court has held in *Reves v. Ernst & Young* that the definition of note may "be viewed as a relatively broad term that encompasses instruments with widely varying characteristics." 494 U.S. 56, 69 (1990). Congress, the *Reves* court held, when defining "security," "painted with a broad brush" recognizing "the virtually limitless scope of human ingenuity, especially in the creation of 'countless and variable schemes devised by those

who seek the use of the money of others on the promise of profits.” *Id.* at 60-61 (quoting *SEC v. W.J. Howey Co.*, 328 U.S. 293, 299 (1946)). Thus, all instruments which, like the Qualified Paperwork and the Policy Participation Agreement (Non-Qualified), constitute written promises to pay money are “notes” for the purposes of the Texas Securities Act.

Every note is presumed to be a security. *Reves*, 494 U.S. at 65. That presumption, however, may be rebutted by a showing that the note in question bears a strong family resemblance to one of the notes listed as non-securities, such as a note delivered in consumer financing, a note secured by a home mortgage, a short-term note secured by a lien on a small business or some of its assets, short-term notes secured by an assignment of accounts receivable, or a note that formalizes an open-account debt incurred in the ordinary course of business. *Id.* *Reves* set forth four factors that determine whether a note is a security under the family resemblance test: (1) the motivation of buyer and seller for the transaction; (2) the plan of distribution of the instrument; (3) the reasonable expectations of the investing public; and (4) whether some other factor or regulatory scheme significantly reduces the risk of the instrument, making the application of the securities laws unnecessary. *Grojohn Precise Connections Int'l S.A. v. JEM Financial, Inc.*, 125 S.W.3d 859, 868 (Tex. App.—Texarkana 2000, no pet.) (citing *Reves*, 494 U.S. at 66-67). Following this test, it is clear that the notes sold by Retirement Value are securities. Notably, the factors are an analytical construct not a series of criteria that must be met. Thus, a note need not satisfy all of the factors in order to stay within the presumption that it is a security. *Id.* at 870 (holding a note to be a security as a matter of law even though only two of the *Reves* factors showed it to be an security).

The first factor of the *Reves* test distinguishes when a note is an investment rather than a commercial transaction. When “the seller’s purpose is to raise money for the general use of a

business enterprise or to finance substantial investments and the buyer is interested primarily in the profit...," the note is an investment. *Id.* The RSLIP is a classic investment. The sole business of Retirement Value was to operate the RSLIP – receiving money from investors, buying and maintaining policies and, hopefully, sending more money back to the investors. Rogers Dep. at 219. Retirement Value borrowed money from the investors to acquire insurance policies which it hoped to be able to maintain through maturity in order to provide a profit to the investors. Rogers Dep. at 214-15. As the investment contract itself stated, "The resale life insurance policy model developed by [Retirement Value] is a private transaction in which one investor (Agent [Retirement Value]) buys policies from another investor (the policy supplier)." Policy Participation Agreement (Non-Qualified) (Rogers Exh. 33 at 4). All of the money received by Retirement Value came from the funds provided by the investors. Rogers Dep. at 219.

There is no question that the RSLIP was, and was intended to be, an investment from the perspective of the investors. The RSLIP was marketed through a website which inveigled prospective investors to use Retirement Value to "Grow your FINANCIAL WEALTH" and promised to provide "the same spectacularly high gains previously realized for decades by only the very wealthy." RV Website at 1, 11 (Rogers Exh. 5). The website went on to describe Retirement Value's principals as a "group of professionals who understand how to help their clients make wise money decisions in hard financial times." *Id.* at 5. Retirement Value instructed its licensees to sell the RSLIP using language traditionally used to sell investments such as "investment alternative, retirement alternative/vehicle, not directly correlated to the stock market, tremendous safety, traditional double digits return." RV Approved Terms 2009 (Rogers Exh. 15 at 5).

Rogers testified that the purpose of the RSLIP was to provide an investment. Rogers Dep. at 214-15. She acknowledges that the investors "would give Retirement Value money in order to "get more money back at the end." *Id.* at 214. The idea was for investors to participate and "increase, for example, their retirement savings." *Id.* at 214-15.

The investment objective of a note is also shown by the interest rate paid. "A favorable interest rate indicates that profit was the primary goal of the lender." *Grojohn Precise Conexiones Int'l*, 12 S.W.3d at 869 (finding that a note was a security as a matter of law). Here the rate paid to the investors was 16.5% -- a high rate by anyone's measure. And, Retirement Value's marketing materials recognized it as such. In its brochure, Retirement Value included a page entitled "The Spread," which "shows graphically how Retirement Value LLC is able to pay you such a high income on your funds." RV brochure at RVR019542 (Rogers Exh. 18). Accordingly, the first *Reves* factor supports a finding that the RSLIP is a security.

The second factor of the *Reves* test determines whether the plan of distribution of the instrument is one of "common trading for speculation or investment." It is sufficient that the instrument was "offered and sold to a broad segment of the public." See *Reves*, 494 U.S. at 68; *Grojohn Precise Conexiones Int'l*, 12 S.W.3d at 869. There can be no doubt that the RSLIP was sold to a broad segment of the public. In little over 10 months, Retirement Value raised over \$77 million from more than 900 investors through sales of the RSLIP. Rogers Dep. at 425-26. To make these sales, Retirement Value used a network of 1,200 licensees who operated in many states. *Id.* at 294. The RSLIP was advertised through a website, radio programs, cold calls and glossy marketing materials. *Id.* at 14-15, 21, 30-31. The RSLIP was intended to be sold by a "financial professional looking to offer a cutting edge product to [his or her] clients." RV

Website at 15 (Rogers Exh. 5). Thus, the second *Reves* factor supports a finding that the RSLIP is a security.

The third factor is the reasonable expectation of the investing public. The *Reves* court stated that it would “consider instruments to be ‘securities’ on the basis of such public expectations, even where an economic analysis of the circumstances of the particular transaction might suggest that the instruments are not ‘securities’ as used in that transaction.” *Reves*, 494 U.S. at 66. Where the issuer of the note advertises the instrument as an investment, this factor supports finding that the note is a security. *Id.* at 69. As the *Reves* court explained:

We have consistently identified the fundamental essence of a “security” to be its character as an “investment.” The advertisements for the notes here characterized them as “investments,” and there were no countervailing factors that would have led a reasonable person to question this characterization. In these circumstances, it would be reasonable for a prospective purchaser to take the Co-Op at its word.

Id. at 68-69. Like the Co-Op in *Reves*, Retirement Value sold the RSLIP as an investment. Based on Retirement Value’s marketing, there is no question that the RSLIP should be considered to be a security under the third *Reves* factor.

The fourth *Reves* factor is whether there is a regulatory scheme governing the transaction so that the application of the securities laws is unnecessary to protect the public. Here, there is no regulatory framework to protect those who purchased the RSLIP notes. The Texas Department of Insurance’s regulation of life and viatical settlements is to provide protection for an insured who may sell or transfer his life insurance policy. TEX. INS. CODE § 1111.002. More importantly, the Commissioner of Insurance is prohibited from adopting rules that regulate the actions of an investor providing money to a life or viatical settlement provider. *Id.* at § 1111.003. Therefore, the investors who purchased the notes in the RSLIP have no protection against fraud, deceit, and the risk of losing their money other than the regulatory structure set forth in the Texas Securities Act.

For the reasons set forth above, the investments in the RSLIP Program constitute "securities" in the form of "notes" under the test articulated by the United States Supreme Court in *Reves*.

B. The RSLIP Is Evidence of Indebtedness under the Texas Securities Act

The Texas Securities Act defines the term "securities" to include "evidence of indebtedness." The Texas Supreme Court and the Texas Court of Criminal Appeals have defined the term "evidences of indebtedness" to include all contractual obligations to pay in the future for consideration presently received. *Searsy v. Commercial Trading Corp.*, 560 S.W.2d 637, 641 (Tex. 1978), *see also Thomas v. State*, 919 S.W.2d 42 (Tex. Crim. App. 1996), *Thomas v. State*, 65 S.W.3d 38 (Tex. Crim. App. 2001).

In both *Thomas* cases, the court "viewed [the] 'evidence of indebtedness' as 'expanding upon the grouping of 'note, bond, debenture, mortgage certificate.' In other words, notes, bonds, debentures and mortgage certificates are types of evidence of indebtedness, but 'other' evidence of indebtedness might also fall within the Act." *Thomas v. State*, 65 S.W.3d at 41 (quoting *Thomas v. State*, 919 S.W.2d at 40). Each of the grouped terms "embody a promise to pay..." *Thomas v. State*, 65 S.W.3d at 41.

The RSLIP is a written promise to pay for which Retirement Value received valuable consideration upon issuance. The transaction evidenced by both the Qualified Paperwork and the Policy Participation Agreement (Non-Qualified) is fundamentally a loan. As discussed, Retirement Value sold the RSLIP in two forms – a form used for qualified retirement money and a form for other money, called non-qualified. The paperwork for the qualified money, the Loan Agreement, was set up using the language of a loan. The non-qualified paperwork, the Policy Participation Agreement (Non-Qualified) used different terminology. However, both were economically the same. In each case, the investor provided money to Retirement Value. In

return, Retirement Value agreed to pay back the original investment plus a "baseline expected gain" to compensate the investor for allowing Retirement Value to use the investor's money. Rogers Dep. at 226. Both investments were functionally a loan. *Id.* at 226-28. The "baseline expected gain" was interest by another name. *Id.* at 237. Like a note, the RSLIP is a written agreement that evidences a debt.

Accordingly, it is "evidence of indebtedness" and a security under the Texas Securities Act.

C. The RSLIP is an Investment Contract under the Texas Securities Act

The RSLIP is also an investment contract and, thus, a security under the Texas Securities Act. An investment contract when the instrument involves (1) an investment of money (2) in a common enterprise (3) with an expectation of profit (4) where the efforts made by those other than the investor are the undeniably significant ones, those essential managerial efforts which affect the failure or success of the enterprise. *SEC v. W.J. Howey Co.*, 328 U.S. 293, 298-99 (1946); *SEC v. Edwards*, 540 U.S. 389, 399 (2004). The United States Supreme Court noted this test "embodies a flexible rather than a static principle, one that is capable of adaption to meet the countless and variable schemes devised by those who seek the use of the money of others on the promise of profits." *Howey*, 328 U.S. at 299.

The Texas Supreme Court adopted the *Howey* test in *Searsy v. Commercial Trading Corp.*, 560 S.W.2d 637, 639-640 (Tex 1977). The Texas Supreme Court initially explained an instrument constitutes an investment contract and is therefore a security under state law if it meets four requirements: (1) an investment of money, (2) a common enterprise, (3) an expectation of profits and (4) solely from the efforts of others. *Searsy*, 560 S.W.2d at 640. The Texas Supreme Court, also recognizing the test embodies a flexible principle, explained that the solely from the efforts of others requirement was likely to be evaded by creative salespersons

who simply required investors to "exert some modicum of effort." *Id.* The Court reasoned "[t]his would be a blind and mechanical view of what constitutes an investment contract." We agree that the more realistic test is "whether the efforts made by those other than the investor are undeniably significant ones, those essential managerial efforts which affect the failure or success of the enterprise." *Id.*

I. The RSLIP involved an investment of money with the expectation of profit satisfying the first and third *Howey* elements

There is no question that the RSLIP involved the investment of money with the expectation of profit. Some 900 investors provided \$77 million to Retirement Value in the hopes of, and based on Retirement Value's promise, of receiving substantially more in return. Retirement Value asked each investor to provide it with money in order to "assist [Retirement Value] in acquiring, purchasing and becoming the owner of a certain re-sale life insurance policies." Policy Participation Agreement (Non-Qualified) (Rogers Exh. 33 at 3). In exchange, Retirement Value promised to pay a very large return – 16.5% per year for the insured's calculated life expectancy, which on average equaled about 150% of the investor's money.

Interest of the type promised by Retirement Value is well within the *Howey* test's definition of profit. The United States Supreme Court explained that "profits - in the sense of the income or return - that investors seek on their investment, not the profits of the scheme in which they invest, and may include, for example, dividends, other periodic payments, or the increased value of the investment." *SEC v. Edwards*, 540 U.S. 389, 390 (2004). The Court further explained:

There is no reason to distinguish between promises of fixed returns and promises of variable returns for purposes of the test. In both cases, the investing public is attracted by representations of investment income. Moreover, investments pitched as low risk (such as those offering a "guaranteed" fixed return) are particularly attractive to individuals more vulnerable to investment fraud, including older and less sophisticated investors.

Id.

Accordingly, the RSLIP satisfies the first and third elements of the *Howey* test.

2. The Investors were engaged in a common enterprise satisfying the second *Howey* element

The second element of the *Howey* test is commonality. Under Texas law, commonality may be either horizontal among investors or vertical between the investors and the promoter. *Searsy*, 560 S.W. 2d at 640. The RSLIP features both types of commonality and, thus, satisfies the second element. *SEC v. Mutual Benefits Corp.*, 408 F.3d 737, (11th Cir. 2005).

The Texas Supreme Court endorsed the use of horizontal commonality as a test to determine whether a common enterprise exists and whether the second factor is satisfied. *Searsy*, 560 S.W.2d at 640. Horizontal commonality looks to the relationship "between investors and means that the success of one investor is concomitant with the success of other investors." *Id.* This test has been restated as the "tying of each individual investor's fortune to the fortunes of other investors by the pooling of assets, usually combined with the pro-rata distribution of profits." *Revalk v. SEC Realty Corp.*, 18 F.3d 81, 87 (2d Cir. 1994); see *Hart v. Pulte Homes of Michigan Corp.*, 735 F.2d 1001 (6th Cir. 1984); see also *Mutual Benefits*, 408 F.3d at 743 (horizontal commonality requires the investors' promises of success and risks of loss be interdependent).

Horizontal commonality exists among investors of the RSLIP Program. The investors sink or swim together. Rogers Dep. at 280-81. Each investor was given the opportunity to "participate" in up to ten policies of insurance to be purchased by Retirement Value. In exchange for the participation, Retirement Value promised to pay the investors interest at a rate of 10.5% per year for the calculated life expectancy of the insured on that policy. In addition, the investors were also to receive a pro-rata distribution of all unused premiums that remained on

reserve at maturity of the investment (i.e., the death of the insured). Policy Participation Agreement (Non-Qualified) (Rogers Exh. 33 at 5); Loan Agreement (Rogers Exh. 39 at 15). The only way that Retirement Value could pay the investors what it had promised was if the policies remained in force to maturity. Rogers Dep. at 251-52. Investor funds were pooled together into reserve accounts dedicated to the policies in which they participated. *Id.* at 250. The accounts were to be used to purchase and maintain the particular policy. *Id.* at 253. The success or failure of the particular policy determined the success or failure of the participants in that policy. This relationship between the investors satisfies the horizontal commonality test. *Mutual Benefits*, 408 F.3d at 743 n.4 (describing attempt by issuer of similar investment to argue that commonality did not exist as “meritless”).

The Texas Supreme Court and the great majority of other states have also adopted the use of vertical commonality as an independent test to determine whether a common enterprise exists and whether the second *Howey* element is satisfied. *Searsy*, 560 S.W.2d at 640. Vertical commonality exists when “the success of the investor is dependent upon the efforts and success of the promoter.” *Id.* (citing *SEC v. Kosco Interplanetary, Inc.*, 497 F.2d 473 (5th Cir. 1974), *SEC v. Glenn W. Turner Enterprises, Inc.*, 474 F.2d 476 (9th Cir. 1973)).

Vertical commonality exists between investors and Retirement Value which promoted the RSLIP. Each investor has a direct contractual relationship with Retirement Value relying on Retirement Value’s promise to pay the expected return on the investment. In contrast, the investors do not own the policies in which they participated. Rogers Dep. at 248-49. And, they are not beneficiaries of those policies. Rogers Dep. at 127-29. As such, the investors were entirely dependent upon Retirement Value to pay them back. If Retirement Value managed to gather enough money to pay the investors at maturity (presumably, but not necessarily, by

acquiring and keeping the policy in force), the investors would be paid. If not, the investors would lose some or all of their investment. The success of investors is, thus, dependent upon the efforts and success of Retirement Value and contingent upon the continued viability and existence of Retirement Value. Rogers Dep. at 251-52.

The RSLIP Program satisfies both the test for horizontal commonality and the test for vertical commonality. A common enterprise is therefore present, and the second factor of the *Howey* test is satisfied on separate and independent bases.

3. The Investors' success depends upon the managerial efforts of others satisfying the fourth prong of the *Howey* test

An investment contract requires the expectation of profits to be derived from the essential managerial efforts by those other than the investor. *Howey*, 560 S.W.2d at 640. The requisite efforts are "the undeniably significant" efforts that affect the failure or success of the investment.

Id. In the landmark decision of *State v. Hawaii Market Center, Inc.*, the court said:

Courts should focus on the quality of the participation. In order to negate the finding of security the offeree should have practical and actual control over the managerial decisions of the enterprise. For it is this control which gives the offeree the opportunity to safeguard his own investment, thus obviating the need for state intervention.

485 P.2d 105 (1971). The *Hawaii Market Center* concept that "efforts" refers to control and managerial efforts was applied on in *SEC v. Glenn W. Turner Enterprises, Inc.*, and later adopted by the Supreme Court in *United Housing Foundation v. Forman*, 414 U.S. 821 (1973), 421 U.S. 837 (1975). The common thread is that courts look at the passivity of the investor and the investor's ability to safeguard his investment.

In analyzing this element of the *Howey* test, it is important to recognize the specific nature of the investment. It is not the sale of an insurance policy or even a piece of an insurance policy. Retirement Value did not sell policies to the investors. Rogers Dep. at 225, 248-49.

Instead, it sold investments based on life insurance policies. *Id.* at 225. The investors loaned money to Retirement Value in exchange for the promise to be repaid with interest upon the death of the insured. When a Loan Agreement or Policy Participation Agreement (Non-Qualified) was entered into, Retirement Value was obligated to pay the investor the full contract amount (investment plus base-line expected gain) upon the death of the insured. This obligation was not contingent upon (i) Retirement Value acquiring the policy; (ii) the policy remaining in force through the death of the insured, (iii) the insurance company paying the death benefit or (iv) Retirement Value raising enough money to pay the purchase price and anticipated premiums. Accordingly, the success or failure of the investment depends entirely upon Retirement Value's ability to raise sufficient funds to meet its obligation when the loans come due. Rogers Dep. at 251-52.

In fact, the investors are entirely dependent upon Retirement Value. In her deposition, Rogers admitted the investors dependence upon the efforts of Retirement Value. She agreed that Retirement Value, provided valuable service to the investors" which "made it more likely that the investors would make money or that they would make more money." Rogers Dep. at 251. Accordingly, the "investors were dependent upon Retirement Value's to make this investment a success." *Id.* The investors are purely passive participants in the RSLIP. They have no control over and no way to influence the outcome of their investment. *Id.* at 284. Although they were allowed to select which policies in which to participate, the investors selected from a list of policies provided by Retirement Value. Rogers Dep. at 229-30, 238-39. Moreover, Retirement Value had the ability to substitute different policies for those originally selected by the investor.

Id.

As part of the documentation required to enter into the RSLIP, Retirement Value required the investors to execute powers of attorney in favor of Retirement Value and the investors' licensees. Policy Participation Agreement (Non-Qualified) (Rogers Exh. 33 at 16-22), Loan Agreement (Rogers Exh. 39 at 30-33). The power of attorney in favor of Retirement Value authorized Retirement Value to handle all aspects of the purchase, maintenance and management of the policies to be acquired. Any other management rights the investor may have retained were ceded to the licensees by the second power of attorney. *Id.*; Rogers Dep. at 286 (acknowledging that the powers of attorneys authorized Retirement Value and the licensees to take care of the investment for the investor).

Even outside the powers of attorney, the investors lack any control over their investment in the RSLIP. The investors (either individually or collectively) do not own the policies; nor are they named beneficiaries. Instead, they are complete strangers to the insurance company. As such, they have none of the rights of an owner of the policy. Gray Dep. at 179³ (testifying that only a policy owner can get information from the insurance company). They don't have the right to inquire of the insurance company as to the status of the policy, to pay premiums or to collect the death benefit when the insured dies. For all of those things, the investors are forced to rely on Retirement Value, the only party with whom they have contracted.

The protection and control promised by the so-called "escrow agreement" with Kiesling Porter Kiesling & Free was a mere illusion. The "master escrow agreement" between Kiesling Porter and Retirement Value provides nothing to the investors. The only parties to the agreement were Kiesling Porter and Retirement Value. Master Escrow Agreement at ¶ 23 (Rogers Exh. 37). Further, Kiesling Porter agreed to "disburse funds as directed by Retirement [Value]" and

³ Excerpts from the deposition of Richard Gray are attached as Exhibit B to the Napoli Affidavit.

that its liability was limited to transferring funds into sub-accounts "as directed by Retirement [Value];" paying premiums "upon written instruction by Retirement [Value]," and "disbursement of re-sale life insurance proceeds upon death of insured in accordance with written instruction from Retirement [Value]." Master Escrow Agreement at ¶¶ 6, 8. In other words, Kiesling Porter acted only as the agent of Retirement Value. And, far from acting as the investors' "Third Party Fiduciary," Kiesling Porter expressly disavowed any duty to the investors:

This Agreement is solely between Retirement [Value] and Kiesling [Porter]. Neither Participants investing funds nor Licensees are intended to be nor shall they be a party to this Agreement or a third-party beneficiary of this Agreement. Kiesling [Porter] has no responsibility, obligations or duties to such Participants and will have no contact with Participants other than the receipt of funds and transfer of such funds as directed by Retirement [Value].

Master Escrow Agreement at ¶ 23 (emphasis added).

In contrast, Retirement Value had complete and total control over the investment. Its efforts determined the success or failure of the RSLIP.

First, Retirement Value selected the policies in which it offered the investors the opportunity to invest. Rogers Dep. at 257, 258-62 (describing Retirement Value's due diligence process). The selection of policies is a key aspect of the success of a life settlement investment such as the RSLIP. *Id.* And, Retirement Value expressly told the investors that its ability to pick policies was important to the success of the investment. The marketing materials state:

- All Retirement Value, LLC re-sale life policies are scrubbed at least two times in a rigorous, due-diligence process to assure their legitimacy. Once by the private investor before he purchases them and a final review by Retirement Value, LLC. RV Tri-fold (Rogers Exh. 19).

Policy Financing Entity "has been selected to consult, underwrite, [sic] and perform the warehousing function for numerous funds involved in the management of public employee pensions and other international investment banking engagements. They never have been a target of any regulatory inquiry or litigation." RV 14-page brochure at 4 (Rogers Exh. 4).

- Each case in our "portfolio" has been sourced from a policy aggregator who has been purchasing life insurance policies through the secondary market for over 15 years. On average, he and his staff review "\$500 million in face amount death benefit each week to make their selections ... finally re-sell some of those policies to us after completion of their thorough due diligence." *Id.* at 2.

Courts have routinely held that the exercise of expertise (even before the investment is made) to select or negotiate the price of life settlement policies on which an investment would be based is an essential managerial effort sufficient to satisfy the *Howey* test. *Mutual Benefits*, 408 F.3d at 744 (holding that the sale of a fractional interest in a life settlement policy is an investment contract); *Wulinger v. Eberle*, 414 F. Supp.2d 814, 821 (N.D. Ohio 2006) (same).

In *Wulinger*, the court found that the selection of the policies by the promoter alone was sufficient to satisfy the "efforts of others" prong of the *Howey* test.

Thus, in this Court's view, it is not the date of the viator's death which establishes the success of the investment but the selection by the promoter of the policy into which the investor's money is placed, based upon its expertise in assessing the viator's life expectancy and other variables, which drives the success of the investment. It is this conduct which constitutes efforts of others under the broad construction advocated by the Supreme Court in *Howey*.

Wulinger, supra, at 824; *Sporin v. Carrington*, 23 P.3d 92, 104 (Ct. App. Ariz. 2001).

This holds true outside of the life settlement context as well. *SEC v. Eurobond Exch., Ltd.*, 13 F.3d 1334 (9th Cir.1994) (involving interests in foreign treasury bonds); *Gary Plastic Packaging Corp. v. Merrill Lynch, Inc.*, 756 F.2d 230 (2d Cir.1985) (involving interests in certificate of deposit program); *Glen Arden Commodities, Inc. v. Costantino*, 493 F.2d 1027 (2d Cir.1974) (involving investments in warehouse receipts for whiskey); *SEC v. Brigabon Scotch Distributors, Ltd.*, 388 F. Supp. 1288 (S.D. N.Y. 1975)(rare coin portfolios). This principle was recognized in Texas in *Caldwell v. State*, 95 S.W.3d 563, 568 (Tex. App.—Houston [1st Dist.] 2002, pet. ref'd).

Second, Retirement Value determined the life expectancy of the insured on the life insurance policies that it offered for investment. The insured's life expectancy is a critical aspect of an investment based on life settlements, such as the RSLIP. The *Mutual Benefits* court explained:

The purchaser of the viatical settlement realizes a profit if, when the insured dies, the policy benefits paid are greater than the purchase price, adjusted for time value. Thus, in purchasing a viatical settlement, it is of paramount importance that an accurate determination be made of the insured's expected time of death. If the insured lives longer than expected, the purchaser of the policy will realize a reduced return, or may lose money on the investment.

Mutual Benefits, 408 F.3d at 738. As Dick Gray acknowledged, the life expectancy calculation drives the price of the policy, the reserves needed to pay anticipated premiums and the desirability of the investment. Gray Dep. at 115, 119-20, 123-25. Under the RSLIP, the investors had no way to obtain their own life expectancy estimates. Rogers Dep. at 284-85.

In this case, Retirement Value used life expectancy estimates provided by Midwest Medical Review. Gray Dep. at 114-15, 117-18. It chose to use Midwest Medical because its life expectancy calculations were far shorter than industry standard. By using an unreasonably short life expectancy calculation, Retirement Value was able to justify a smaller premium reserve, which allowed it to claim a higher return to the investors. When asked why Retirement Value did not use a more reputable provider than Midwest Medical, Gray testified: "We could have, but it wouldn't have worked. ... Because the longer the LE, the more you have to escrow premiums." Gray Dep. at 115.

Third, Retirement Value raised the money necessary to purchase and maintain the life insurance policies. Although its obligation to pay the investors was not contingent upon it owning or keeping in force the insurance policies, Retirement Value's ability to repay the investors depended on keeping the policies in force. In reality, Retirement Value could not

afford to pay out on the RSLIP if it did not own the policies and keep them in force. Rogers Dep. at 251-52. At base, this means that Retirement Value had to be able to raise sufficient funds to both purchase the policy and to pay premiums over its expected life.

The investors' fates were, therefore, tied to Retirement Value's ability to raise money. The investors would need to depend upon Retirement Value's money-raising skills at two points in the process. Initially, the investors needed Retirement Value to be able to raise sufficient money at the outset to purchase the policies and fill the premium reserves.⁴ Later, in the likely event that the premium reserves were exhausted prior to the investor's death, the investors would need for Retirement Value to raise additional funds to continue to pay the premiums as they came due. Rogers Dep. at 278-81. If Retirement Value could not raise sufficient funds to purchase the policies and to pay the premiums as they come due, the investment would fail and the investors would suffer a loss.

Under the RSLIP, Retirement Value could call upon investors for additional money in the event that the policy had not matured by the time that the premium reserves ran out. Policy Participation Agreement (Non-Qualified) (Rogers Exh. 33 at 5); Loan Agreement (Rogers Exh. 39 at 15). If the investor did not satisfy the premium call, his or her investment was forfeited. However, if an investor did satisfy the premium call, he or she would be entitled to be paid upon maturity regardless of whether the other investors satisfied their premium calls. *Id.*; Rogers Dep. at 280.

⁴ This is far from a hypothetical concern. When the State Securities Board ordered it to stop selling the RSLIP at the end of March 2010, Retirement Value was in the middle of offering investments on a number of policies. In some cases, Retirement Value had not raised enough money to purchase some policies. In others, Retirement Value had purchased the policies but had not raised enough money to fill the premium reserves. In both cases, the success of the investment was impaired because of Retirement Value's inability to raise money. *Espinosa Aff.* at ¶ 14; Gray Dep. 93-100, 244-49.

The failure of any significant number of investors to respond to a premium call would require that Retirement Value raise additional capital. Retirement Value had to keep the policies in force in order to be able to pay its obligations under the RSLIP. Rogers Dep. at 251-52. Because the insurance company will not keep a portion of the policy in force based on only a portion of the premium due to it, Retirement Value would have to cover the gap. *Id.* at 279. Retirement Value planned to do so either by raising new money by issuing new RSLIPs on the policy or by loaning the investors sufficient funds to keep the policy in force. *Id.* at 280-81. Accordingly, the investors were "relying on Retirement Value's ability to make other people respond to their premium calls, to resell those investments or ... to somehow bridge that gap." *Id.* at 281.

Fourth, Retirement Value managed the funds provided by the investors. As discussed above, the only chance that the investors would have of getting paid was if Retirement Value maintained the policies in force. This required that Retirement Value properly manage the money in its control. How Retirement Value managed the money entrusted to it governed whether the investors would make or lose money. As an example, if Retirement Value had simply squandered the money as has happened before – the investors would lose everything. While Retirement Value did not necessarily squander the money, it did mishandle it in ways that could harm the ability of certain investors to recover.

As an example, Retirement Value engaged in pervasive commingling of funds among the various reserve accounts. On a regular basis, Retirement Value would take funds reserved to pay expenses for one policy and use them to pay expenses for other policies. Gray Dep. at 250-51. The commingling of funds caused Retirement Value to fail to reserve as much money as it had represented it would. *Id.* at 252, 256. Although the underfunding of reserve accounts was

known in the Fall of 2009, Retirement Value failed to remedy the situation. By October 2009, Retirement Value discovered that it had underfunded the premium reserves by about \$2.6 million. E-mail from R. Gray to K Porter et al. (10/7/2009) -- RVR004949 (Rogers Exh. 63) (discussing potential reserve shortfall of \$2.6 million); Rogers Dep. at 429. Over the course of the next several months, the Retirement Value attempted to determine exactly how big the shortfall was and how to remedy it. They were unable to do so. As Jack Gray noted, the problem simply got worse as Retirement Value continued to sell investments. E-mail from R. Gray to W. Rogers et al (10/19/2009) -- RVR008660 (Rogers Exh. 64) ("Meanwhile, we still need to find that \$1.2+ million to roll into fully-subscribed accounts by 12-31-09 -- recognizing that with each NEW fully-subscribed account the premium issue widens."). Retirement Value repeatedly raised its estimate of the shortfall and pushed back the date by which it hoped to have fully funded the premium reserves. E-mail from R. Gray to W. Rogers cc to B. Free and K Porter (11/15/2009) -- RVR011963 (Rogers Exh. 65) (reporting that premium shortfall is now believed to be between \$1.3 and \$1.4 million with plan to resolve by 4/30/2010); E-mail from R. Gray to B. Free, K Porter et al (12/21/2009) -- RVR015068 (Espinosa Aff. Exh. G) (reporting that premium shortfall is now over \$1.9 million). Ultimately, Retirement Value did nothing to rectify its failure to reserve premiums at the level it represented that it would. Gray Dep. at 267-69.

The senior officials of Retirement Value -- Gray and Rogers -- were well aware that its failure to properly manage the funds deposited by the investors was a significant problem, which impacted its ability to repay the investors. As Gray wrote in October 2009,

Yet now it's almost another week later since the meeting of the 1st—and we at RV still do not know for sure the exact net situation or true picture regarding the single most crucial component of our professional and fiduciary credibility -- and legal responsibility.

E-mail from R. Gray to K. Porter et al. (10/7/2009) -- RVR004949 (Rogers Exh. 63). And, in fact, Gray's worries turned out to be well-founded. As of May 2010, the shortfall (measured against the promised reserves) exceeded \$3 million. Espinosa Aff. Exh. A.

It also made a number of choices that impacted the amount of money available to pay premiums and, thus, the likelihood that the investment would succeed or fail and the actual returns received by the investors. One choice was to take approximately 4% (or \$10 million) out of the escrow account and use those funds for its own purposes, including distributions to members such as Defendant Rogers. A second choice was to pay 16% to 18% of the money provided to the licensees. By taking less money for itself or paying less to its licensees, Retirement Value could have reserved more money to pay premiums, which would have both increased the likelihood that the policies would mature before the reserves were exhausted and increased the payout to investors upon maturity (because remaining premium reserves were to be paid to the investors). Rogers Dep. at 271-72.

In addition, Retirement Value employed a strategy of premium optimization when paying the premiums due on the policy. It did not simply pay the premium requested by the insurance company. Rogers Dep. at 274; Gray Dep. at 175. In a universal life policy, which is the only type of policy that Retirement Value purchased, the cost of insurance – the amount of money that must be paid each month to keep the policy in force – rises each year. Rogers Dep. at 275-76; Gray Dep. at 175. When an insurance company sells a universal life policy, it typically sets a planned premium. The planned premium is substantially larger than the amount of money required to keep the policy in force initially. The excess cash is deposited with the insurance company and earns interest. In later years when the cost of insurance exceeds the planned

premium, there should be sufficient cash value in the policy to pay the difference between the planned premium and the cost of maintaining the policy. Rogers Dep. at 276.

Retirement Value, like most life settlement companies, paid only the amount necessary to maintain the policy in force until the next premium payment was due. Gray Dep. at 175. As a routine matter, Retirement Value engaged in premium optimization – working with the insurance company to determine the minimum payment need to keep the policy in force until the next premium is due. *Id.* at 176-77; Rogers Dep. at 274. In this manner, the current amount required to maintain the policy is reduced at the expense of the cash value which would otherwise subsidize the cost of insurance in later years. Retirement Value made a business judgment to use a premium optimization strategy to stretch the reserves as long as possible to avoid premium calls and to try to have money remaining in reserve accounts to increase the payout to the investors at the expense of higher than expected premiums if the policy had not matured by the time the reserves were exhausted. Gray Dep. at 179-81; Rogers Dep. at 277-78. In this way, Retirement Value sought to “generate the best and biggest return for the investors.” Rogers Dep. at 278.

Sixth, Retirement Value was responsible for determining when the insureds die as well as making and prosecuting claims against the insurance companies. Rogers Dep. at 282-83. This is not simply a ministerial task of filling in a form and waiting for money. Before it could even make a claim for a death benefit, Retirement Value must first determine that an insured has died. It must engage in a process called “death tracking.” As Defendant Rogers described it, death tracking involves “keeping up with the insured and upon when they pass away. It’s doing regular checks on their health and whether or not their Social Security number has been retired.” Rogers Dep. at 282. She concedes that death tracking is important to the success of the investment. *Id.*

at 283. Retirement Value initially retained a servicing company, Contract Servicing, to perform the death tracking but became dissatisfied with the quality of service and decided to perform death tracking in house. *Id.* at 253-54. To that end, Retirement Value assigned Maria Kane the task of keeping track of the insureds by periodically reviewing a variety of databases recommended by James Settlement Services. *Id.* at 282. Ms. Kane was also in the process of becoming licensed as a life settlement provider in Texas so that she could better perform the necessary death tracking. *Id.* at 284.

Retirement Value was also responsible for making and prosecuting the claim for benefits once it learned that an insured had died. This would involve obtaining a copy of the death certificate and filling out a claims form. It may also require that Retirement Value resolve investigations and potential disputes by the insurance company. *Id.* at 283-84. Defendant Rogers agreed that it was Retirement Value's job to "convince the insurance company to pay out or, if the reason that they stated was valid, then go to James Settlement Services and say 'Hey.'" *Id.* at 283-84. She acknowledged that Retirement Value "would have to take action to protect the rights of the investors." *Id.* at 284.

Convincing insurance companies to pay is not quite as simple as sending in the claims form. There is an ongoing dispute in connection with life settlement policies regarding the compliance of life settlement policies (called "STOLI" or "premium financed" policies) with state laws requiring insurable interest and whether an insurance company can contest payment on basis of insurable interest even after the normal two-year contestability period has run. Compare *New England Mutual Life Ins. Co. v. Caruso*, 535 N.E.2d 270 (N.Y. 1989) (cannot challenge insurable interest after two years) with *Paul Revere Life v. Fima*, 105 F.3d 490, 492 (9th Cir. 1997) (insurer can always challenge insurable interest under California law); *Beard v. American*

Agency Life Ins. Co., 550 A.2d 677, 689 (Md. 1988)(same under Maryland law) and *Sun Life Assurance Co. of Canada v. Berck*, ___ F. Supp. 2d ___, 2011 WL 922289 (D. Del. March 16, 2011)(same under Delaware law). Retirement Value was aware of this ongoing dispute. Rogers Dep. at 264-67 (discussing ongoing disputes between the life insurance industry and life settlement industry regarding STOLI and premium financed policies). As part of its due diligence process, Retirement Value attempted to identify potentially objectionable policies. *Id.* at 268. Accordingly, there was an anticipated need for Retirement Value to “take action to protect the rights of the investors.” *Id.* at 284.

Managerial efforts of this type have been routinely found to be sufficient to satisfy the “efforts of others” element of the *Howey* test for investments based on life settlements. See, e.g., *Mutual Benefits*, 408 F.3d at 745; *Waliger v. Eby*, 414 F.Supp.2d 814, 819-21 (N.D. Ohio 2006); *Securities & Exchange Commission v. Jylor*, No. 3:03-CV-0282-P, 2002 WL 32538418, at *4-6 (N.D. Tex. Feb 21, 2002); *Siporia v. Carrington*, 200 Ariz. 97, 23 P.3d 92, 103-04 (Ct. App. Ariz. 2001); *Poyser v. Flora*, 783 N.E.2d 1191 (Ct. App. Ind. 2003); *Rumbaugh v. Ohio Dept. of Commerce*, 155 Ohio App.3d 288, 800 N.E. 2d 780, 786 (Ohio App. 2003); *Joseph v. Viatica Management, LLC*, 56 P.3d 264, 266 (Colo. App. 2002).

Accordingly, the Court should hold that the RSLIP is an investment contract and, thus, a security.

The Receiver anticipates that Defendant Rogers will rely on two cases involving a company in Waco, Texas, known as Life Partners: *Securities and Exchange Commission v. Life Partners, Incorporated*, 87 F.3d 536 (D.C. Cir. 1996), and an unreported Waco Court of Appeals case, *Griffitts v. Life Partners, Inc.*, 2004 WL 1178418 (Tex. App.—Waco 2004, no pet). Neither is apposite. Both are of questionable precedential value.

As those cases make clear, Life Partners mostly sold direct interests in life insurance policies. As the *Griffitts* court observed, Griffiths asked the Court to affix the label "securities" not to "notes," "investment contracts" or "evidence of indebtedness," but to "life insurance policies or portions of life insurance policies." *Id.* *10 ("Griffitts applies the analysis to the life insurance policies themselves, not to the promissory notes that she used in the purchase of interests in the policies."). The D.C. Circuit made a similar point because, in that case, only direct interests were at issue, not notes. *SEC*, 87 F.3d at 539. In addition, the D.C. Circuit found that the Life Partners' contract did not meet the third *Howey* test. The court reasoned that the profits did not depend on the efforts of others making a distinction between the promoters' efforts before the policy is purchased and after. *Id.* at 545. (Judge Wald dissented, contending that this third prong was satisfied and the investments were securities; in *Griffitts*, Justice Vance dissented as well.)

Here, Retirement Value did not transfer either a direct or an indirect interest in a life insurance policy. Instead, it sold an investment that was based on a life insurance policy. This is a key difference. The investors entered into a loan agreement with Retirement Value that requires Retirement Value to repay them with interest upon the death of the relevant insured regardless of whether the policy remains in force. While factually Retirement Value needed to keep the policy in force in order to have the funds necessary to pay off the RSLIP loans, its obligation to pay was not conditioned on the policy. Thus, the investors are relying on Retirement Value's credit and continued existence to either keep the policies in force or to otherwise raise sufficient funds to repay them.³

³ As the court in *SEC v. Tyler*, 2002 WL 32538418 (N.D. Tex. 2002) held, the *Life Partners* cases deal with investment contracts and not with notes. The Supreme Court in *Reves v. Ernst &*

Moreover, to the extent that the Court elects to make the much-maligned distinction between pre- and post-investment conduct, much of Retirement Value's efforts are post-investment. Following the investment, Retirement Value still had to acquire the policies, which in about ten percent of the cases it was unable to do – Rogers Dep. at 230), manage the funds entrusted to it, perform premium optimization, keep the policies in force, check up on the health of the insureds, raise additional money to purchase and maintain the policies, and prosecute death claims. None of these activities are ministerial in nature; all require skill and effort, and all determine whether or not the insureds would be paid.

An overwhelming majority of state and federal courts have rejected the analysis of the D.C. Circuit and the Waco Court of Appeals in the *Life Partners* and *Griffitts* cases. These courts follow the reasoning of Judge Wald's and Justice Vance's dissents in the *Life Partners* and *Griffitts* cases. For example, in *Securities & Exchange Commission v. Mutual Benefits Corp.*, 408 F.3d 737, 745 (11th Cir. 2005), the Eleventh Circuit held that investments in an interest in life insurance policies were securities. The Eleventh Circuit concluded that the Supreme Court's decision in *Securities & Exchange Commission v. Edwards*, 540 U.S. 380 (2004), does not support the 1996 D.C. Circuit decision in *Life Partners* and its distinction between pre-purchase and post-purchase efforts of promoters. *Mutual Benefits*, 408 F.3d at 743-44.

In fact, every other court to consider the issue has rejected the analysis in the two *Life Partners* cases. See, e.g., *Wulger v. Eberle*, 414 F.Supp.2d 814, 819-21 (N.D. Ohio 2006), *Securities & Exchange Commission v. Tyler*, No. 3:03-CV-0282-P, 2002 WL 32538418, at *4-6 (N.D. Tex. Feb 21, 2002); *Siporin v Carrington*, 200 Ariz. 97, 23 P.3d 92, 103-04 (Cl. App. 2000); *Howey*, 494 U.S. 56 (1990) expressly rejected applying the *Howey* test for investment contracts to notes.

Ariz. 2001); *Poyser v. Flora*, 780 N.E.2d 1191 (Ct. App. Ind. 2003); *Rumbough v. Ohio Dept. of Commerce*, 155 Ohio App.3d 288, 800 N.E. 2d 780, 786 (Ohio App. 2003); *Joseph v. Finca Management, LLC*, 55 P.3d 264, 266 (Colo. App. 2002).

II. Retirement Value Sold the RSLIP without Registration in Violation of the Texas Securities Act

Securities may not be sold or offered in Texas unless the sale of the securities is registered with the Securities Commissioner and the persons selling the securities are licensed to sell securities in Texas. TEX. REV. CIV. STAT. art. 581-7, 581-9, § 33(1). The RSLIP, which was broadly and publicly offered by Retirement Value, was not registered with the Securities Commissioner. According to the Certificate of John B. Morgan, then the Deputy Securities Commissioner of Texas, no securities issued by Retirement Value were registered as provided by the Securities Act and no permit was granted by the Commissioner for the sale of securities issued by Retirement Value. (Espinosa Aff. Ex. B)

The failure to have registered the sale of the RSLIP imposed significant liability on Retirement Value. Under § 33 of the Securities Act, Retirement Value is required upon request to refund all \$77 million that it received from investors plus interest from the date of each investment. In addition, the failure to register has led the State Securities Board to enjoin Retirement Value from continuing to operate and the Attorney General to file this suit and to have the Receiver appointed.

III. Defendant Rogers Breached Her Fiduciary Duties to Retirement Value by Causing Retirement Value to Engage in the Unregistered Sale of Securities

Rogers was a member, a manager and an officer (initially Vice President and later, CEO) of Retirement Value. She owned fiduciary duties of loyalty and care to the company in each capacity. As a fiduciary, however, Rogers failed to discharge her duties causing Retirement Value to engage in the unregistered sale of securities in order to generate perceived "income"

that could be used to provide substantial bonuses to her and her fellow members to the detriment of the company.

To prevail on a breach of fiduciary duty claim, a plaintiff must prove the existence of such a duty, a breach of that duty, causation, and damages. *Texas First Nat'l Bank v. Ng*, 167 S.W.3d 842, 857 (Tex. App.—Houston [14th Dist.] 2005, pet. dismissed by app.). The Receiver moves for summary judgment on the existence of a fiduciary duty and on the breach of that duty. He does not move on the remaining two elements of his breach of fiduciary duty claim.

Rogers owed fiduciary duties to Retirement Value. She was a Vice-President and later the Chief Executive Officer of the company. She was also a manager of the company. In that role, she approved Retirement Value's marketing, dealt directly with licensees and assisted in the development of the RSLIP. Rogers Dep. at 13-15, 27-31-32. She also executed a number of the loan sale agreements between Retirement Value and James Settlement as well as many of the policy participation agreements and loan agreements between Retirement Value. *Id.* at 27-29. As such, she owed a fiduciary duty to Retirement Value. *Pinnacle Data Services, Inc. v. Gillen*, 104 S.W.3d 188, 198-99 (Tex. App.—Texarkana 2003, no pet.) (holding that managers and officers of a limited liability company owe fiduciary duties to the company).

By causing Retirement Value to engage in the unlawful sale of securities, Rogers violated her fiduciary duties to the company. Under Texas law, a director or officer of a company violates her fiduciary duty when she causes the company to engage in an ultra vires act or commits one herself. Among other things, an ultra vires act is an act that violates a statute. *Campos v. Walker*, 2000 WL 19143, at *11 (Tex. App.—Houston [14th Dist.] 2000, no pet.) (not designated for publication). Here, Rogers caused Retirement Value to violate the Texas

Securities Act by selling unregistered securities. Moreover, she personally participated in selling the securities.

In addition, Rogers was reckless in continuing to cause Retirement Value to enter into RSLIP transactions with investors. Whether or not the RSLIP was a security for purposes of Texas and federal law was a question in the minds of Retirement Value's management for most of its existence. Rogers Dep. at 410-11. In May 2009, Dick Gray wrote to Mike McDermott (who was responsible for 80-90% of Retirement Value's business – Rogers Dep. at 235) explaining that he was willing to give Milkie Ferguson a larger than normal commission simply because it was a broker/dealer and could legally sell securities.

When it hits the fan (as you know it will!) and we become a security of some sort or other (as you know we will!) and we need a broker-dealer – I am going to want entry into the M/F Dallas offices on an equal-arms basis to have help from Ed Milkie's staff, including Jack and Manny. We want them very happy with us and viewing us as worthy of sitting at their table.

E-mail from R. Gray to M. McDermott and forwarded to W. Rogers, dated May 30, 2009 – RVR018218 at 2 (Espinosa Aff. Ex. 10). Internal discussions over the question of whether the RSLIP was a security continued over the months. Rogers Dep. at 399-400, 410-11.

Retirement Value also attempted to obtain legal advice. They had asked a number of lawyers for an opinion as to the legality of the RSLIP. However, the lawyers they spoke with refused to state that the RSLIP was not a security or that it could be sold legally in Texas. Over the months, Retirement Value consulted the following lawyers:

- Mary Keller of Winstead. After believing that Ms. Keller had advised them that the RSLIP was not a security, Retirement Value asked for a formal opinion. In response, Ms. Keller denied ever saying that the RSLIP was not a security. Rogers Dep. at 411; Gray Dep. at 63-64. Both Gray and Rogers described Ms. Keller's unwillingness to confirm that she had even said that the RSLIP was not a security as "very disturbing." Rogers Dep. at 411; Gray Dep. at 64.
- Roy Mouer. Mr. Mouer withdrew after Retirement Value refused to provide him with details of its program. Letter from R. Mouer to R. Gray, dated November 2,

2009 – RVR016754 (Espinosa Aff. Exh. J). In his withdrawal letter, Mr. Mauer explained that he was “very concerned that RV may be offering or selling unregistered securities (i.e., notes and investment contracts) in violation of federal and state securities law.” *Id.* at 2. He went on to advise Retirement Value that the “notes” used in the RSLIP would probably be considered securities. He closed his withdrawal letter, “I would respectfully urge you to cease accepting any more funds from investors until the uncertainties can be resolved.” *Id.* at 3.

- Scott Baker. Mr. Baker advised Retirement Value (Rogers and Gray) that the RSLIP was a security and that Retirement Value was selling it in violation of law. Rogers Dep. at 400-01, 403-04, 408; also E-mail from R. Gray to M. Beste (cc W. Rogers), dated October 27, 2009 – RVR020725 (Espinosa Aff. Exh. J) (“Scott Baker is a Dallas attorney with securities background we will use rather than Milton Hammond. ... Baker is of the opinion that we HAVE set up a security...”); E-mail from R. Gray to R. James et al. (cc W. Rogers), dated January 23, 2010 – RVR014877 (Rogers Exh. 62) (“Scott Baker holds and defends with vigor these views: (1) that in spite of our best efforts at legal double-talk here at RV we are right now marketing an unregistered security – which he expects to ‘fix’ for us ...”).

No lawyer ever offered to provide a written opinion that the RSLIP was not a security. Rogers Dep. at 411. Despite the lack of any meaningful favorable opinion and several unfavorable opinions, Retirement Value pressed on with the RSLIP soliciting an ever increasing number of investors and dollars to its coffers.

Retirement Value did not even attempt to comply with the Texas Securities Act by selling the RSLIP as if it were a security, i.e., conducting a registered offering and selling it as a private placement through licensed dealers. Rogers Dep. at 413-19. To do so would have significantly impacted Retirement Value’s marketing of the RSLIP. Retirement Value would have had to divest itself of most of its licensees including such prolific licensees as Michael McDermott. Rogers Dep. at 414-15. It would also be forced to either register an offering of the RSLIP or sell in private placements. Rogers Dep. at 416-17. Retirement Value was unwilling to do either. *Id.*

Instead, it decided to engage in “stealth” marketing to avoid the scrutiny of regulators. Dick Gray explained the need to skirt the securities laws,

we only are coaching them on how we think they can get business there quietly on a stealth basis – with the chance to lay claim to the idea that we are “different” and we are “neither fish nor fowl” (I mean, let’s not fool our own selves into thinking we’re doing anything other than THAT in these states – so should this e-mail be in my hard-drive? My answer is – let’s stop engaging in sophistry with each other – we know what the state says and we know what we claim our model to be.

E-mail from R. Gray to W. Rogers, dated October 30, 2009 – RVR012955 (Llanososa Aff. Exh.

K). This is the very height of recklessness and a violation of her duty of care.

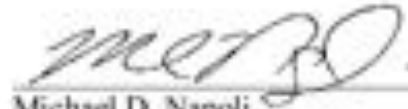
Not surprisingly, both Gray and Rogers received substantial distributions from Retirement Value. She received \$688,000 in direct distributions, as well as \$149,800 in tax payments on her behalf. Rogers Dep. at 304, 308 and Rogers Exh. 56. The sole business of Retirement Value was the RSLIP investment scheme. And, all of the money that Retirement Value ever received came from those who invested in the RSLIP. But for the RSLIP there would have been no money with which to pay Rogers the hundreds of thousands of dollars she received. There can be no question that her decision to cause Retirement Value to participate in the RSLIP and to continue to sell it despite the repeated advice of counsel not to do so was motivated by her desire to continue to receive big distributions. As such, Rogers breached her duty of loyalty as well.

CONCLUSION

The RSLIP is a security under Texas law. It is a note, an evidence of indebtedness and an investment contract. As such, the sale of the RSLIP must have been registered in accordance with the Texas Securities Act. Retirement Value, under the control of Wendy Rogers, failed to register the sale of the RSLIP. She persisted in selling it despite repeated warnings by counsel that the RSLIP was a security and that Retirement Value was violating the law by continuing to offer and sell the investment. Rogers therefore violated her fiduciary duty to Retirement Value.

The Court should grant the Receiver’s motion for partial summary judgment

Respectfully submitted,



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ATTORNEYS FOR THE COURT-
APPOINTED RECEIVER OF
RETIREMENT VALUE, LLC

Unofficial copy Travis Co. District Clerk Velda L. Price

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above pleading has been served on the following via e-mail and certified mail return receipt requested, on this the 20th day of July 2011:

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Michael D. Napoli

STATE OF TEXAS,

Plaintiff,

v.

RETIREMENT VALUE, LLC,
RICHARD H. "DICK" GRAY, HILL
COUNTRY FUNDING, LLC, a
Texas Limited Liability Company,
HILL COUNTRY FUNDING, a Nevada
Limited Liability Company, and
WENDY ROGERS,

Defendants,

AND

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

Relief Defendant.

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

126th JUDICIAL DISTRICT

AFFIDAVIT OF MICHAEL D. NAPOLI

BEFORE ME, the undersigned authority, on this day personally appeared Michael D. Napoli, who is personally known to me, and after being duly sworn according to law, upon his oath duly deposed and said:

1. My name is Michael D. Napoli. I am over 21 years of age and otherwise competent to testify. I have personal knowledge of the facts set forth herein, and they are true and correct.

2. I am counsel for the Receiver Eduardo S. Espinosa (the "Receiver") in this matter.

3. Attached as Exhibit A to my affidavit are true and correct copies of excerpts from the July 1, 2011 and July 15, 2011 Deposition of Wendy Rogers, including certain exhibits.



4. Attached as **Exhibit B** to my affidavit are true and correct copies of excerpts from the November 8, 2010 Deposition of Richard Gray.


FURTHER AFFIANT SAYETH NOT.



Michael D. Napoli

SUBSCRIBED AND SWORN TO BEFORE ME this the 28th day of July 2011, to certify which witness my hand and seal of office.





Notary Public
My Commission Expires:
1-6-2013

Unofficial copy Travis Co. District Clerk Velva L. Price

Exhibit A

Unofficial copy Travis Co. District Clerk Velva L. Price

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

STATE OF TEXAS,
Plaintiff,

) IN THE 126TH

VS.

RETIREMENT VALUE, LLC,
RICHARD H. "DICK" GRAY,
HILL COUNTRY FUNDING, LLC,
a Texas Limited Liability
Company, HILL COUNTRY
FUNDING, a Nevada Limited
Liability Company, and
WENDY ROGERS

) DISTRICT COURT OF

Defendants,

AND

KIESLING, PORTER, KIESLING)
& FREE, P.C.,
Relief Defendant.

) TRAVIS COUNTY, TEXAS

ORAL AND VIDEOTAPED DEPOSITION OF
WENDY ROGERS
July 1, 2011

Unofficial copy Travis Co. District Clerk Velva L. Price

1 A. Yes, it is.

2 Q. So just to break it down so the record is clear,
3 you were, uh, chief executive officer at Retirement
4 Value from April 2010 to May 2010, correct?

5 A. Correct.

6 Q. And before that, you were the vice president for
7 administration and services from February of 2006 to
8 March 2010, correct?

9 A. I'm sorry. No, that is not correct.

10 Q. Okay. And -- so what would be correct -- what
11 do you need to correct --

12 A. Well, it would -- it would be from the beginning.
13 What ended up happening here on this resume is, I was
14 making it as seamless as possible.

15 Q. Uh-huh.

16 A. And Hill Country Funding is in the middle of
17 this. And so to have room on what I was putting in
18 here, I did not include Hill Country Funding, but, um,
19 the appropriate date on that second line would then
20 be -- I believe it was January of 2008 when Retirement
21 Value was started.

22 Q. And among your duties at Retirement Value as vice
23 president was to, uh, develop a wholesale model to
24 market Retirement Value's product, correct?

25 A. Please repeat that.

1 Q. Among your duties as vice president at Retirement
2 Value was to develop a wholesale model to market
3 Retirement Value's product, correct?

4 A. I'm trying to decipher the meaning of wholesale
5 there, wholesale versus retail, but, yes, it was to
6 develop a model to market Retirement Value's product.

7 Q. Okay. And what -- what's the trouble you were
8 having with wholesale, because I'm just looking at your
9 resume here and going with that?

10 A. Oh, got you. Then yes.

11 Q. And when you say "wholesale" it was your
12 understanding -- what meaning was you giving to
13 wholesale?

14 A. Um, well, in -- in this regard, it means that we
15 were not direct -- uh, directly marketing to individual,
16 um, clients, like we weren't advertising on TV,
17 et cetera. I mean, we were -- it was basically through
18 a network of licensees, so we weren't a direct retail
19 outlet.

20 Q. Okay. Did your duties with respect to marketing
21 also, um, include creating marketing materials, such as
22 brochures?

23 A. Yes.

24 Q. Okay. Uh, did it include creating marketing
25 materials, such as PowerPoint presentations?

1 A. Certain PowerPoint presentations, yes.

2 Q. Okay. And I take it that would also be true with
3 respect to pamphlets?

4 A. Yes.

5 Q. And scripts that, uh, licensees were supposed to
6 use in marketing RV's product?

7 A. Um, I don't believe that I ever wrote out a
8 script. I think that was -- Tracy Moss created scripts
9 when she came on board.

10 Q. And who was Tracy Moss?

11 A. Tracy Moss was, um, hired for the purpose of
12 assisting the licensees with compliance in marketing
13 their products.

14 Q. Okay. And who did she report to?

15 A. She reported to Dick Gray.

16 Q. Okay. Did she also report to you?

17 A. I don't believe so. I'm -- I'm not sure on that,
18 though. I don't remember.

19 Q. Well, did you interact with her on a regular
20 basis at Retirement Value?

21 A. No, not on a regular basis. She interacted with
22 Dick more than she did with me.

23 Q. Okay. Would -- would it be fair to say you
24 interacted with her some of the time regarding her
25 duties?

1 Q. Uh-huh.

2 A. But Mr. Gray immediately removed that word, and
3 then it went to First Security, so that part, I'm not
4 real sure on.

5 (Exhibit No. 3 marked for identification.)

6 MR. HOHENGARTEN: Off the record.

7 Q. (By Mr. Hohengarten) And can you identify what's
8 been marked Exhibit 3?

9 A. It appears to be my business card from Retirement
10 Value.

11 Q. And all the information, uh, on that business
12 card is -- is true and correct?

13 A. Yes.

14 Q. Uh, did Retirement Value also market, uh, its
15 investment product through seminars?

16 A. I'm trying to remember. I believe we went to a
17 seminar that was hosted by one of our licensees. And I
18 believe Dick Gray spoke, and I'm -- I'm trying to
19 remember if he was just discussing the asset class in
20 general or if he was discussing Retirement Value
21 specifically --

22 Uh --

23 A. -- specifically.

24 Q. Sorry. And you mentioned that it was arranged by
25 a particular licensee. Who was that licensee?

1 A. Yes.

2 Q. And -- and do you see the section that says,
3 "Mrs. Rogers supervises our Client Services Department
4 while contributing personally to the development, design
5 and implementation of all marketing and" --

6 A. Uh-huh.

7 Q. -- "and print materials"?

8 A. Yes.

9 Q. And that's a true statement, correct?

10 A. Correct.

11 Q. So you contributed personally to the development
12 of the marketing materials, correct?

13 A. Correct.

14 Q. And you contributed personally to the design of
15 the marketing materials, correct?

16 A. Yes.

17 Q. And you contributed personally to the
18 implementation of all marketing materials, correct?

19 A. Correct.

20 Q. Okay. Describe what the Client Services
21 Department did in addition to the tasks that we've just
22 enumerated.

23 A. The Client Services department would process all
24 of the client paperwork, so from obtaining the
25 application packages from our escrow agent all the way

1 through sending out the closing packages to the clients.

2 That is what they handled.

3 Q. Okay. And did you personally oversee that
4 process?

5 A. Yes.

6 Q. And did you send investors their participation
7 packet after they in- -- invested in Retirement Value's
8 product?

9 A. The department did, yes.

10 Q. Did you personally send them?

11 A. No.

12 Q. -- the packet? Okay. Did you sign the letters
13 that went out to the investors?

14 A. Yes, uh-huh.

15 Q. Did you review the packets before they went out?

16 A. In the beginning when it was just DeAnne Lewis
17 and I, yes.

18 Q. Okay.

19 A. It got to be so many closing packets that I
20 trusted the department to put together a -- a correct
21 closing package.

22 Q. Okay.

23 (Exhibit No. 5 marked for identification.)

24 Q. Can you identify Exhibit 6 for the record?

25 A. I'm sorry. This is Exhibit 5.

1 Q. Oh, identify Exhibit 5 for the record. Excuse
2 me.

3 A. Um, Exhibit 5 for the record. Exhibit 5 appears
4 to be screenshots of our latest website.

5 Q. Did you participate in the design of that
6 website?

7 A. Yes.

8 Q. Okay. Can you describe your participation?

9 A. Very minimal. I had a -- a voice in the logo.

10 Q. Anything else?

11 A. I believe I had some say in the heading, the
12 words of the different headings.

13 Q. Were marketing materials placed on the website --
14 were there links on the website to, for example,
15 Retirement Value's brochure?

16 A. I don't recall that. Ac- -- actually, no. I'm
17 pretty sure there was not a link to print a brochure.

18 Q. How about your marketing materials?

19 A. No, there should not have been.

20 Q. Could you turn to the page that describes your
21 duties at Retirement Value?

22 A. Mine specifically?

23 Q. Yes.

24 A. Okay.

25 Q. And, again, that description is a true and

1 accurate description of your responsibilities at

2 Retirement Value, correct?

3 A. Correct. It's the same, verbatim.

4 Q. As what we discussed with respect to the
5 marketing brochure, correct?

6 A. Yes.

7 Q. Did you approve the content of the website?

8 A. Yes.

9 Q. Okay. Did you, uh, approve the content of the
10 website that included the description of client
11 participants in resale life insurance, uh, policies as
12 irrevocable cobeneficiaries?

13 A. What page are you referring to?

14 Q. This is --

15 A. I --

16 Q. Do you see the page now?

17 A. Yes.

18 Q. Did you also approve that content?

19 A. Yes.

20 (Exhibit No. 6 marked for identification.)

21 Q. Could you describe Exhibit 6 for the record?

22 A. Exhibit 6 appears to be an e-mail from me to
23 Marie Hensley. And co- -- do you want me to go through
24 the entire heading?

25 Q. No. Uh, that's sufficient. And, uh, what are

1 you -- what is the subject matter of this particular
2 e-mail?

3 A. Um, link to a radio discussion of Retirement
4 Value in Tampa by Licensee Mike Ahlers.

5 Q. And who was Mike Ahlers?

6 A. Um, Mike Ahlers is one of our licensees.

7 Q. Okay. And did you make the decision to place
8 that discussion on -- or the link to that discussion on
9 Retirement Value's website?

10 A. In July of '09, yes.

11 Q. Okay. And that would have been consistent with
12 your areas of responsibility, correct?

13 A. At that time, yes.

14 Q. And you say "at that time." Was there another
15 time when it -- it was not within your area of
16 responsibility?

17 A. Well, we ended up hiring somebody to be over our
18 website development and all of that, so I would not have
19 necessarily had a direct hand in it.

20 Q. When was that person hired?

21 A. Her name was Diana Cass, so I'm not -- she was
22 hired, I believe, early in 2010. I'm not positive on
23 that.

24 Q. Would it be fair to say before she was hired in
25 2010, you were directly involved with the design of

1 Retirement Value's website?

2 A. Yes.

3 Q. And that you were responsible -- among your
4 responsibilities was the approval of content on
5 Retirement Value's website?

6 A. Yes.

7 Q. And, obviously, in connection with that, you
8 would have had to review all of Retirement Value's --
9 all of the content on Retirement Value's website,
10 correct?

11 A. Yes.

12 Q. All right.

13 A. May I clarify this?

14 Q. Certainly.

15 A. This did not stay -- this link did not stay on
16 our website for very long.

17 Q. Okay. Do you remember how long it was on the
18 website?

19 A. No, but it was a pretty quick pull.

20 Q. Was there any particular reason it was quickly
21 pulled?

22 A. Um, I believe it was at the recommendation of --
23 Dick, Don and Ron.

24 Q. Okay. And -- and what was the reason for their
25 recommendation?

1 A. He's saying be careful, yes, but not to not say
2 what the rate is.

3 Q. So it's -- your interpretation of his e-mail is
4 that, uh, it is appropriate to repeat the 92 percent
5 figure that Don James has given Dick Gray? That's your
6 understanding?

7 A. That is my understanding, yes.

8 Q. Okay. That's your understanding of what
9 Don James is saying in his e-mail?

10 A. Yes.

11 Q. Okay.

12 A. And I haven't read -- I reread this now --

13 Q. Sure.

14 A. -- word for word before I -- when presenting this
15 data to the rank and file, meaning we had an option to
16 do that, but we're going to be -- we're going to have to
17 make sure that we present it correctly, as accurately as
18 possible. See and his thought was that it would
19 bolster the chance all along, so...

20 (Exhibit No. 32 marked for identification.)

21 Q. Now, you testified that you're aware
22 Retirement Value's marketing materials having
23 represented that -- that participants would become a
24 irrevocable cobeneficiary, correct?

25 A. Correct.

1 Q. Okay. Did you ever see any document that made
2 the participants irrevocable cobeneficiaries?

3 A. Um, yes. We would send a list of the -- of each
4 participant and the dollar amount that they were
5 entitled to at the maturity of the policy, and that was
6 held on record with Kiesling, the escrow agent, as the
7 irrevocable cobeneficiary list of the clients that would
8 receive in return.

9 MR. HOHENGARTEN: Objection. Move to strike
10 as nonresponsive.

11 Q. (By Mr. Hohengarten) My question was: Did you
12 ever see any document that made the participant an
13 irrevocable cobeneficiary of the policy that was being
14 invested in?

15 A. Yes.

16 Q. Okay. And that -- and what was that document?

17 A. It was a spreadsheet list assembled by Katie
18 Hensley.

19 Q. Okay. And were you relying on anything other
20 than this spreadsheet list prepared by Katie Hensley in
21 making those representations in Retirement Value's
22 marketing materials?

23 A. Yes. Kiesling -- the agreement that we had with
24 Kiesling was that they -- they knew that they were the
25 primary beneficiary listed at the insurance carrier, but

1 that all clients that were listed for that specific
2 policy would be irrevocable cobeneficiaries kept in
3 their records.

4 Q. And have -- have you ever seen anything that
5 documents that understanding between Retirement Value
6 and Kiesling, Porter?

7 A. The spreadsheet that has the list of all the
8 clients, and we usually put -- I think Katie was putting
9 together binders as well or some- -- somebody in our
10 office was putting together a binder that had the list
11 of the clients along with their irrevocable
12 cobeneficiary forms, which were located in the
13 paperwork, so we knew who the primary beneficiaries were
14 and we knew who the contingent beneficiaries were as
15 well.

16 Q. So you're saying that the irrevocable
17 cobeneficiary forms are in the participation packet that
18 they would receive when they were investing in RV's
19 product?

20 A. Yes, I believe so.

21 (Exhibit No. 33 marked for identification.)

22 Is Exhibit -- Exhibit 33 the participation, uh,
23 packet that reflects the, uh, investment contract
24 between Retirement Value and the investor?

25 A. It is one of the versions, yes. It is not the

1 most recent version, though, but it is a nonqualified
2 participation application, yes.

3 Q. Okay. Uh, are you saying that there is a more
4 recent version for nonqualified participants?

5 A. Yes.

6 Q. Okay. And how, if at all, would it differ from
7 the version that's Exhibit 33?

8 A. Um, there may be minor wording changes within the
9 paperwork. Um, we may have started to include something
10 about utilizing, uh, up to three LEs; uh, but definitely
11 page -- the Exhibit A, uh, would have been different in
12 each packet.

13 Q. Other than those differences, would the revised
14 version --

15 MR. HOHENGARTEN: Strike that.

16 Q. (By Mr. Hohengarten) Other than what you've just
17 described, did the revised version differ from what's
18 been marked as Exhibit 33?

19 A. Would there be any other differences; is that
20 what you're asking?

21 Q. Yes.

22 A. I don't believe so.

23 Q. Okay. So these are the documents, with the
24 exceptions that you've just outlined, that the investor
25 would sign when he or she participated in one of the

1 resale policies marketed by Retirement Value, correct?

2 A. Correct.

3 Q. And where in this document is there an
4 irrevocable cobeneficiary form?

5 A. Um, that -- Exhibit A is the irrevocable
6 cobeneficiary information for the participant. It's a
7 set -- it's Page 1 of three, and there are three total
8 pages for this designation, and these three pages are
9 the pages that would have been included in the binder
10 for Kiesling.

11 So Page 1 would include the irrevocable
12 co-beneficiary's names, their dollar amount of
13 participation on the policy, and then their total value
14 of matur- -- at maturity. Um, Page 2 would have then
15 been all their contingent cobeneficiary designations,
16 so, um, they had the opportunity to do that as well.
17 And then on Page 3 they were able to state whether or
18 not -- how they wanted the contingent cobeneficiary to
19 be handled.

20 Q. And so that's what you're relying on when you say
21 that the participant was made an irrevocable
22 cobeneficiary of the policy that he or she had invested
23 in, correct?

24 A. They were listed as irrevocable cobeneficiaries
25 with Kiesling, not on the policy. No insurance company

1 would allow you to list hundreds of people on a -- on
2 a -- at the carrier. So this is what we called the
3 irrevocable cobeneficiary status, and this is the
4 paperwork we used to document that, and I believe
5 probably even additional -- there's an -- got to be some
6 additional disclosures in here about that somewhere,
7 so...

8 Q. What were they irrevocable cobeneficiaries in
9 exactly, if not the policy that they were investing in?

10 A. They were listed as irrevocable cobeneficiaries
11 of the policy through Kiesling, not at the carrier, and
12 that was made clear. That was my opinion.

13 Q. Well, wouldn't that mean, in effect, they were
14 not irrevocable cobeneficiaries, uh, on the policies in
15 which they were investing in?

16 A. On the policies through Kiesling, not at the
17 carrier.

18 Q. Don't you think, uh, an investor would have the
19 understanding that he or she was obtaining irrevocable
20 cobeneficiary status with respect to the policy itself?

21 A. No, because we state in the paperwork that
22 Kiesling is the sole beneficiary of the policy at the
23 carrier.

24 Q. And where is that stated, that Kiesling is the
25 sole beneficiary of the policy?

1 A. Let me see. I'm sorry. I really thought that it
2 was in here, and I don't know if I'm just not seeing it
3 or skimming through it too quickly. But if I'm seeing
4 it in my mind correctly, the section was -- it
5 specifically stated that Retirement Value is the sole --
6 sole owner of the policy and Kiesling was the sole
7 beneficiary of the policy, so...

8 Q. Do you want a little more time, because if there
9 is something in there that says Kiesling is the sole
10 beneficiary, I -- I certainly want to know where that
11 is?

12 A. Well, and I -- I do know in the closing packages
13 in all -- I do know that in the closing packages that we
14 gave to each of the clients, we had included a copy of
15 the change of ownership and the change of beneficiary
16 forms which showed that, uh, the ownership was changed
17 to Retirement Value and the beneficiary was changed to
18 Kiesling, Porter, Kiesling & Free, escrow agent.

19 Q. But did it say that Kiesling, Porter was the sole
20 beneficiary?

21 A. They were the only ones listed on the change of
22 beneficiary form and it was -- if, at the time when we
23 sent the closing packages out, if we had a copy of the
24 confirmation back from the insurance carrier, then we
25 certainly included those as well --

1 was leaning towards was that we should not call them
2 that, but not because it was incorrect.

3 Q. Well, but doesn't he go on to say we shouldn't
4 call them that because this is actually a loan; these
5 participants are making a loan to us?

6 A. What -- some of the paperwork is set up as a
7 loan. The qualified paperwork is because it -- because,
8 according to our, um -- LE plus and -- and the other --
9 the other, um, qualified plan holders of this product
10 could not be owned within a retirement account. So that
11 paperwork had to be set up as a loan.

12 (Exhibit No. 34 marked for identification.)

13 Q. Can you identify Exhibit 34?

14 A. Um, it is an e-mail from Liz Gray to David Gray.

15 Q. Um, and in that e-mail, uh, Liz Gray is telling
16 David Gray that a promissory note is
17 considered a security in most states, correct?

18 A. Correct.

19 Q. And that, therefore, Retirement Value should stay
20 away from using that language, correct?

21 A. That is correct.

22 Q. And, uh, further down in the e-mail chain, there
23 is an e-mail from Dick Gray to Brent Free and Kristen
24 Porter at Kiesling, Porter, correct?

25 A. That is correct.

ORAL AND VIDEOTAPED DEPOSITION OF WENDY ROGERS

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

STATE OF TEXAS,
Plaintiff,

) IN THE 126TH

VS.

RETIREMENT VALUE, LLC,
RICHARD H. "DICK" GRAY,
HILL COUNTRY FUNDING, LLC,
a Texas Limited Liability
Company, HILL COUNTRY
FUNDING, a Nevada Limited
Liability Company, and
WENDY ROGERS
Defendants,

) DISTRICT COURT OF

AND

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

) TRAVIS COUNTY, TEXAS

REPORTER'S CERTIFICATION
DEPOSITION OF WENDY ROGERS

July 1, 2011
Volume 1 of 1

I, Veronica E. Cherry, Certified Shorthand Reporter
in and for the State of Texas, hereby certify to the
following:

That the witness, WENDY ROGERS, was duly sworn by the
officer and that the transcript of the oral deposition
is a true record of the testimony given by the witness;

That the deposition transcript was submitted on
July 7, 2011 to the witness or to the attorney for
the witness for examination, signature and return to me
by July 28, 2011;

That the amount of time used by each party at the

ORAL AND VIDEOTAPED DEPOSITION OF WENDY ROGERS

1 deposition is as follows:

2 Mr. Hohengarten - 05:32

3 That pursuant to information given to the deposition
4 officer at the time said testimony was taken, the
5 following includes counsel for all parties of record:

6 Mr. Hohengarten, Attorney for Plaintiff
7 Ms. Jennifer S. Jackson, Attorney for Plaintiff
8 Ms. Alexis M. Goldate, Attorney for Plaintiff
9 Mr. Michael D. Napoli, Attorney for Receiver
10 Retirement Value
11 Mr. John W. Thomas, Attorney for Receiver
12 Retirement Value
13 Mr. Geoffrey D. Weisbart, Attorney for Receiver,
14 Retirement Value
15 Ms. Isabelle M. Antongiorgi, Attorney for Receiver
16 Hill Country Funding

17 I further certify that I am neither counsel for,
18 related to, nor employed by any of the parties or
19 attorneys in the action in which this proceeding was
20 taken, and further that I am not financially or
21 otherwise interested in the outcome of the action.

22 Further certification requirements pursuant to
23 Rule 207 of TRCP will be certified to after they have
24
25

ORAL AND VIDEOTAPED DEPOSITION OF WENDY ROGERS

1 occurred.

2 Certified to by me this 7th day of July, 2011.

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Veronica E. Cherry
Veronica E. Cherry, Texas CSR 0404
Expiration Date: 12-31-11
Firm Registration No. 87
1016 La Posada Drive
Suite 294
Austin, Texas 78752
(512) 465-9100

FURTHER CERTIFICATION UNDER RULE 203 TRCP

The original deposition was/ was not returned to the deposition officer on _____ ;

If returned, the attached Changes and Signature page contains any changes and the reasons therefor;

If returned, the original deposition was delivered to _____, Custodial Attorney;

That \$ _____ is the deposition officer's charges to the Plaintiff for preparing the original deposition transcript and any copies of exhibits;

That the deposition was delivered in accordance with Rule 203, and that a copy of this certificate was served on all parties shown herein on _____.

ORAL AND VIDEOTAPED DEPOSITION OF WENDY ROGERS

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and filed with the Clerk.

Certified to by me this ___ day of _____

Veronica E. Cherry, Texas CSR 3704
Expiration Date: 12-31-11
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Job No. 93724

Unofficial copy Travis Co. District Clerk Vonya L. Price

NO. D-1-GV-10-000454

STATE OF TEXAS,
Plaintiff,

IN THE DISTRICT COURT OF

VS.

RETIREMENT VALUE, LLC, RICHARD
H. "DICK" GRAY, HILL COUNTRY
FUNDING, LLC, A TEXAS LIMITED
LIABILITY COMPANY, HILL
COUNTRY FUNDING, A NEVADA
LIMITED LIABILITY COMPANY,
AND WENDY ROGERS,

TRAVIS COUNTY, TEXAS

Defendants,

AND

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

Relief Defendant

126TH JUDICIAL DISTRICT

ORAL AND VIDEOTAPED DEPOSITION OF
WENDY ROGERS
JULY 15, 2011
VOLUME 2

ORAL AND VIDEOTAPED DEPOSITION OF WENDY

ROGERS, produced as a witness at the instance of the
Plaintiff, and duly sworn, was taken in the
above-styled and numbered cause on July 15, 2011, from
9:37 A.M. to 4:20 P.M. before Sherri Santman Fisher,
CSR in and for the State of Texas, reported by machine
shorthand, at the offices of K&L Gates, 111 Congress
Square, Suite 900, Austin, Texas, pursuant to the Texas
Rules of Civil Procedure and the provisions stated in
the record or attached hereto.

1 You have a college degree.

2 A. Yes.

3 Q. Where is your college degree from?

4 A. Texas A&M, College Station.

5 Q. And what is your degree in?

6 A. Ag business.

7 Q. And that's a BA, BS?

8 A. BS.

9 Q. Bachelor of Science?

10 A. Bachelor of Science, yes.

11 Q. Do you have any -- do you have any

12 postgraduate education?

13 A. Yes.

14 Q. Which is?

15 A. My Master's in -- MBA, Master's in Business.

16 Q. And where did you get your MBA from?

17 A. Through the University of Houston in Victoria.

18 Q. When did you graduate from Texas A&M?

19 A. In December of '98.

20 Q. And when did you get your MBA?

21 A. I'm not sure of the graduation date on that.

22 Probably two thousand and -- oh, wait. I finally

23 finished right before my son was born, so May of 2004.

24 Q. Can you describe for me what the business of

25 Retirement Value was?

1 A. The business was we would purchase life
2 insurance policies that were already settled from James
3 Settlement Services. We would then -- we would then be
4 able to offer a portfolio -- or a -- what we originally
5 called a bouquet, I guess, a list of 10 policies that
6 clients could then choose from and decide to place
7 money in one or more of those policies at a time and
8 they would then earn a return of 16.5 percent over the
9 life expectancy of that specific policy.

10 Q. And the purpose of the investors buying a
11 participation, was that an investment vehicle for them?

12 A. I wouldn't term it as an investment because
13 that would -- could possibly confuse it as a security.
14 But -- I'm sorry. Repeat the question again.

15 Q. If you wouldn't term it an -- I mean, the idea
16 was the investors would put money into -- or the
17 clients. I don't want to use a loaded term here. But
18 the clients would put money in -- would give Retirement
19 Value money. And the purpose of it was to get more
20 money back at the end, right?

21 A. Correct.

22 Q. And if it wasn't an investment, what would you
23 call it or what did you call it?

24 A. We called it a participation.

25 Q. Okay. So by participating, people -- and the

1 idea was that people could participate and increase,
2 for example, their retirement savings?

3 A. Correct.

4 Q. And this was -- this was intended to be a --
5 without using a loaded term, a growth instrument
6 opposed to an income-producing instrument?

7 A. Correct.

8 Q. So what people were -- they would give
9 Retirement Value their money for a period of time; and
10 at the end of the period, they would hopefully receive
11 a larger sum of money.

12 A. Correct.

13 Q. But they would not be paid income in the
14 middle, in the interim.

15 A. That is correct.

16 Q. But for the -- and Retirement Value would use
17 that money to purchase insurance policies.

18 A. Yes. That was one purpose for the money, yes.

19 Q. And also to maintain a -- and also to maintain
20 those policies by paying premiums as necessary.

21 A. Yes, that was another purpose for the money.

22 Q. The money was also used to pay commissions to
23 licensees?

24 A. Yes.

25 Q. What other purposes was the money used for?

1 A. Correct. Okay. I understand that statement.

2 Q. Okay. But the point is this was an
3 investment. You just don't agree it's a security.

4 A. Correct.

5 Q. Okay.

6 A. Okay. Yes.

7 Q. Now, all of the money that Retirement Value
8 received, all of that came from the investors, right?

9 A. Yes.

10 Q. Other than receiving money from investors,
11 buying and maintaining the policies, Retirement Value
12 really didn't have any other business.

13 A. No.

14 Q. I mean, I'm correct that Retirement Value
15 didn't have any other business?

16 A. Correct.

17 Q. Okay. I'm sorry. Sometimes when I say things
18 negatively and you say a negative, it --

19 A. Oh, okay.

20 Q. That's not real clear. So at times I will come
21 back and ask questions.

22 A. That's fine. It doesn't bother me to clarify.

23 Q. All right. Now, I know you guys work -- well,
24 actually let me ask you this. You mentioned that
25 attorneys advised you to avoid certain language?

1 Q. The Texas Securities Act?

2 A. Yeah, I believe so. It's --

3 Q. Now, was -- let's -- I guess my question --
4 question is: Was Retirement Value actually selling
5 insurance policies?

6 A. Well, the clients did not become the owners,
7 so I probably would not define that we did actually
8 sell the policy to the clients.

9 Q. What you sold was an investment based on an
10 insurance policy.

11 A. Correct.

12 Q. But not the policy itself. In fact, really
13 wasn't -- really you were basically borrowing money
14 from the investors, promising to pay them back when the
15 policy matured with their money plus a fixed sum of
16 money which you called a baseline expected gain?

17 A. Was that a question or a statement?

18 Q. Yes, sir. It was a -- do you agree with my
19 statement?

20 A. Well, the qualified paperwork was certainly
21 set up as a loan because that was what we were -- first
22 of all, that's how Life Partners has it set up. Second
23 of all, that is what the -- the qualified institutions
24 that we used, like IRA Plus and Pacific Northwest --
25 they've changed their names. I'm trying to -- my --

1 Q. Pacific Northwest was the escrow agent,
2 correct?

3 A. I'm sorry, Yes. Okay. There was IRA Plus
4 Southwest and then there was another -- another
5 institution we used in Nevada for qualified money.
6 Both of those entities stated that in order for a
7 qualified plan or a retirement plan to be able to
8 participate in our type of product, it would have to
9 be -- the paperwork would have to be in the form of a
10 loan. And like I said, that's how Life Partners has
11 theirs set up as well.

12 Q. Now, but in terms of -- and I'm not intending
13 to be pedantic about this. But in terms of how the
14 nonqualified paperwork worked, economically, it was the
15 same thing, correct? Money was provided. Retirement
16 Value agreed to pay the investor back the baseline
17 expected gain plus their original investment when the
18 policy matured. And that was in exchange for the
19 investor allowing Retirement Value to use the money,
20 correct?

21 A. Correct.

22 Q. I mean, even though you didn't call it a loan,
23 it is functionally like a loan, right?

24 A. Well, typically a loan has an end date. You
25 know, there's a -- there's a specified -- not maturity

1 date, but a specified -- like a balloon payment is due
2 at a specific period of time. So in that regards, it
3 was a bit open-ended. But functionally, you are
4 correct. The clients would participate with a specific
5 dollar amount of money. Retirement Value had an
6 agreement to pay back their participation amount plus
7 any baseline expected gain plus return of any premiums
8 that were left over in the premium escrow accounts.

9 Q. But there are, of course, loans that don't
10 have a definite end date. For example, a credit card.
11 Correct?

12 A. There is a payment due date.

13 Q. But you don't have to pay off -- you have to
14 pay interest, but you don't actually have to pay off
15 the debt at any particular time.

16 A. But you do have to make a payment.

17 Q. Eventually.

18 A. No. Every month.

19 Q. But you have to pay interest.

20 A. Yes.

21 Q. And you're aware -- and that's called a
22 revolving line of credit, correct?

23 A. Okay. Yes, I think so. I'm not --

24 Q. I mean, these questions aren't necessarily
25 traps. Some of them may be; some of them might not be,

1 in all fairness.

2 But you're also familiar with just demand
3 notes, right?

4 A. A little bit. It's been awhile since I've
5 been in that industry, so a little bit.

6 Q. But you have an MBA. I mean, it's not a
7 completely foreign notion.

8 A. Right. That's correct.

9 Q. I mean, the demand -- I mean I'm just saying,
10 demand notes exist. There are lots of different kinds
11 of loans that don't necessarily have a definite end
12 date.

13 A. Okay.

14 Q. And in fact, the loan that Retirement Value
15 received, it was due when the insured died, correct?

16 A. Yes.

17 Q. So when the insured dies, Retirement Value is
18 obligated to pay the money back.

19 A. Yes.

20 Q. And so that's your end date of the loan.

21 A. Yes.

22 Q. So can you describe for me how the money
23 flowed once it was received from an investor?

24 A. All money was sent or mailed to the escrow
25 agent, Kiesling, Porter, Kiesling & Free. Kiesling

1 I would then take any checks that were received in the
2 application packets and deposit them into the master
3 escrow account at Wells Fargo.

4 Once the funds cleared, which typically
5 could take 10 to 14 business days, Kiesling would then
6 await our confirmation from Katie Hensley on which
7 policies that particular client was participating on.
8 She would then submit to them a breakdown of their
9 participation, which would basically let Kiesling know
10 X amount of dollars is going to this policy, this
11 percentage of that participation amount is going to go
12 to commissions, fees, percentage to pay the policy,
13 percentage to pay premiums.

14 Q. Why did Retirement Value need to confirm which
15 policies the money went to if the investors selected
16 the policies they wanted?

17 A. The investors initially would select on the
18 Exhibit A which policies they would like to participate
19 on. However, due to the sheer volume of the paperwork
20 we were receiving on a daily basis, some of those
21 policies would be sold out by the time we received that
22 paperwork in our office.

23 So if that policy was sold out, there was
24 an option that the client could select if they -- and
25 I'll have -- I don't remember exactly how it was

1 worded, but there were several different options that a
2 client could select to either have their licenses
3 notified in that regard and they could then select
4 which policies they wanted to be on or, if a policy was
5 sold out, we'd typically then put in another policy in
6 its place of similar life expectancy range and the
7 client could check that box that they would just then
8 be rolled to the new policy that was in that place.

9 Q. It's also true that on occasion policies that
10 had been offered for sale were withdrawn by the
11 original seller?

12 A. Correct.

13 Q. About how many times did that happen?

14 A. Maybe four or five. I don't know exactly. I
15 did not handle that.

16 Q. Who did?

17 A. Jeremy Gray's department, our policy tracking
18 department.

19 Q. Before Jeremy -- Jeremy joined in September,
20 October '99?

21 A. That sounds about right.

22 Q. Before Jeremy joined, who did that?

23 A. David -- when Retirement Value started, David
24 Gray did that function for us where he would purchase
25 the policies from -- or negotiate and purchase the

1 what does Mr. Gallagher do?

2 A. I believe he offers life settlement-based
3 products. He was a former licensee of Life Partners.
4 I think he does offer insurance and annuities and
5 things like that.

6 Q. Does Mr. Gallagher have a securities license
7 to your knowledge?

8 A. He does not have a securities license.

9 Q. And Gallagher Financial Group is not a
10 registered broker-dealer, correct?

11 A. I don't believe so.

12 Q. Receiving two percent on this is a Michael
13 McDermott.

14 A. Yes.

15 Q. And Michael McDermott was a master licensee,
16 correct?

17 A. Correct.

18 Q. And he was your most prolific master licensee?

19 A. He was -- he earned the most commissions out
20 of all the master licensees dollar-wise, in total, yes.

21 Q. About how much of Retirement Value's business
22 would you say came through Mr. McDermott?

23 A. Probably 80 to 90 percent.

24 Q. Let me direct your attention to page 32238,
25 still in Exhibit 52.

1 calculated life expectancy of the insured, correctly --
2 correct?

3 A. Correct.

4 Q. Which in this example would be a total of
5 \$15,775.

6 A. Yes.

7 Q. Why baseline expected gain? Why that term?

8 A. I believe that was a term that was suggested
9 by Bruce Collins for clarification. We liked the word
10 "gain" because at one point there was a thought that
11 clients would be able to treat gains on their -- they
12 would be able to treat gains on their earnings or
13 whatever at a capital gains rate, tax rate. So there
14 was -- so if that was a possibility, we wanted to give
15 clients that type of wording to be able to use when
16 they filed their taxes for any gains that they might
17 have had.

18 Q. So you used baseline expected gain instead of
19 interest?

20 A. Correct.

21 Q. But the \$5,775 was what Retirement Value paid
22 Mr. Cain for allowing you guys to use that \$10,000 for
23 Policy AGL062, correct?

24 A. No. Retirement Value did not pay them that.
25 When this policy matured, the funds would then be

1 deposited into that subaccount and then Kiesling would
2 write a check to each client for the 15,775.

3 Q. I understand that's how the process was
4 intended to flow; but what my question actually is,
5 that \$5,775, that was the money that Retirement Value
6 agreed to pay Mr. Cain to compensate him for the use of
7 his money.

8 A. Correct.

9 Q. Now, you mentioned, when we were talking
10 earlier about policies being replaced, that there was
11 some sort of a disclaimer on Exhibit A. If you look at
12 the box at the bottom of KPKE 1538, is that the
13 disclaimer you were talking about?

14 A. That's one of them. We went through
15 several -- there has been revisions of this Exhibit A,
16 so that is one of the disclaimers that we did have on
17 the paperwork at that time.

18 Q. All of the Revision A's had a disclaimer of
19 this sort of it; is that correct? Even though the
20 wording may have changed from time to time?

21 A. Yes. There would have had to have been
22 something stating that a policy could be sold out by
23 the time we received the paperwork.

24 Q. And what this disclaimer says -- and I'm just
25 going to paraphrase it -- is that Retirement Value

1 can -- in the event that a policy becomes unavailable,
2 that Retirement Value can substitute a similar policy
3 of its choosing for whatever policy becomes
4 unavailable, correct?

5 A. Correct.

6 Q. And Retirement Value -- now, of these
7 policies on Exhibit A, those policies were selected by
8 Retirement Value, correct?

9 A. Ultimately, yes. They were recommended to us
10 by James Settlement Services; and so if we said we
11 needed a longer time frame policy, you know, "Our
12 69-month policy is about to sell out. Can you please
13 get us one of similar time frame," then they would send
14 us one; and ultimately Katie would check the purchase
15 price, the premiums, you know, just check to make sure
16 it was viable in our model to where it made sense for
17 our business model and then we would accept -- accept
18 that policy.

19 Q. If you look on Exhibit A, this 32238, you
20 notice it says "Insured LE". That's the life
21 expectancy, correct?

22 A. Correct.

23 Q. And these are life expectancies that came from
24 Midwest.

25 A. Correct.

1 Q. No.

2 A. That was a real question.

3 Q. That was a real question, yes, ma'am.

4 A. Sorry. Please repeat the question. I'm
5 sorry.

6 Q. You were in the life settlement business.

7 A. No.

8 Q. You were in a business that made a -- that
9 sold investments based on life settlements.

10 A. We resold life settlements.

11 Q. You didn't actually resell the life
12 settlements because you didn't actually transfer the
13 policy to anybody.

14 A. Life settlements can only be sold once.
15 That's the definition. It's from the original owner to
16 a secondary type of owner.

17 Q. That is -- that's the settlement transaction.

18 A. Yes.

19 Q. If the policy -- the policy can be sold
20 again.

21 A. Yes.

22 Q. It's just not called a settlement.

23 A. Correct, yes.

24 Q. But my question is: Retirement Value didn't
25 actually sell the policy to anybody.

1 A. Correct.

2 Q. Now, going back to Mr. Cain's paperwork,
3 Retirement Value received -- and you can look. It's
4 32220 on Exhibit 52 -- but \$3,372.49.

5 A. Yes.

6 Q. And what did this money represent, the
7 \$3,372?

8 A. Retirement Value's commission or profit margin
9 on this transaction, I guess.

10 Q. So what did Retirement Value do to earn this
11 commission or profit?

12 A. Well, we -- we had the contact with James
13 Settlement Services in order to be able to get --
14 obtain policies at a deep discount. We felt like we
15 were getting very good prices out there in the market
16 for these settled policies and so basically being the
17 source or the creator or establishment of the program.
18 We also processed all of the paperwork, all of the
19 back-office work. We coordinated with Kiesling the
20 payment of the premiums on the policies in the -- I
21 guess the ongoing assurance that these policies would
22 not lapse.

23 Q. So in your view, Retirement Value earned its
24 \$3,372 on Mr. Cain's investment.

25 A. Yes.

1 A. That, I do not know.

2 Q. Is 10 million in the right ballpark?

3 A. Possibly.

4 Q. And it's your view, of course, that Retirement
5 Value earned that 10 million dollars.

6 A. Yes.

7 Q. And it earned that 10 million dollars by
8 providing a valuable service to the investors.

9 A. Correct.

10 Q. And the services it provided made it more
11 likely that the investors would make money or that they
12 would make more money, correct?

13 A. Correct.

14 Q. And so in your view at least, the investors
15 were dependent upon Retirement Value's efforts to make
16 this investment a success.

17 A. Yes.

18 Q. And one of the things that Retirement Value
19 did in order to make it a success is you had to keep
20 the policies in force, correct?

21 A. Well, we would instruct Kiesling on the
22 payment of premiums in order to keep the policies in
23 force.

24 Q. But it was important to keep the policies in
25 force.

1 A. Absolutely.

2 Q. Because the money that Retirement Value would
3 use to pay the investors their money back plus this
4 baseline gain, under their contracts that money would
5 come from the policies.

6 A. The death benefit, yes.

7 Q. Yeah. And if there is no policy, Retirement
8 Value really wouldn't have the ability to repay that
9 loan to the investors.

10 A. Not at that point, no.

11 Q. The money went into Kieffering. It was
12 allocated to -- after commissions were paid and fees
13 were taken out, it was allocated to separate escrow
14 accounts or reserve accounts for each policy the
15 investor invested in, correct?

16 A. Correct.

17 Q. And all of the investments in AGL062 went into
18 an AGL -- an escrow account for AGL062, correct?

19 A. Yes.

20 Q. And the same would be true for PLI140 and for
21 each of the other policies --

22 A. Yes.

23 Q. -- in this example that Mr. Cain invested in.
24 And the same was true for all of the other investors.

25 A. Yes.

1 Q. And the funds in those policies were to be
2 used for two purposes; is that correct?

3 A. The funds in the accounts?

4 Q. In the subaccounts, yes, sir -- yes, ma'am.

5 A. Yes.

6 Q. The first purpose is to purchase -- in the
7 case of the AGL062 reserve account, to purchase AGL062,
8 correct?

9 A. Correct.

10 Q. Also, the second purpose is to pay the
11 premiums on AGL062.

12 A. Yes. And there were other purposes for like
13 paying death tracking as we went along, going along,
14 fees for death tracking for that specific policy, et
15 cetera.

16 Q. I thought that was taken out up front.

17 A. I don't believe the full dollar amount was
18 taken up front. I think it was an annual fee. But I'm
19 not real sure what that contract looked like with the
20 death tracking company.

21 Q. Was there a contract with the death tracking
22 company?

23 A. Contract Servicing, I believe, was the name of
24 the company, but I could be wrong. I know Jeremy was
25 working on -- they were working with a death tracking

1 company. I don't know offhand the name of it.

2 Q. I had been told, and I could be wrong, that
3 Retirement Value decided to do the death tracking
4 in-house and Marisa Kane actually performed that
5 function. Is that correct?

6 A. She was performing that function, yes.

7 Q. So if Marisa Kane was performing that
8 function, there wouldn't be a death tracking service.

9 A. I'm not sure when the overlap took place or
10 the transition took place. I do know that there -- at
11 one point we had utilized Contract Servicing. I don't
12 know for how long. Yes, Marisa Kane did do death
13 tracking that was available on the public domain.

14 Q. There was dissatisfaction within Retirement
15 Value as to the service provided by Contract Servicing?

16 A. There must have been.

17 Q. Was that something you were involved in?

18 A. Not directly, no.

19 Q. That would have been Jeremy and Dick Gray?

20 A. Yes. Jeremy and Marisa's department reported
21 directly to Dick Gray.

22 Q. Now, we've used Jeremy. Jeremy Gray, that's
23 Dick Gray's son, correct?

24 A. Jeremy Gray is Dick Gray's son, yes.

25 Q. And Marisa Kane worked with Jeremy Gray.

1 in, the more that's left, all other things being
2 equal.

3 A. Right. If you knew from Day One exactly how
4 much you would pay in premiums, then yes.

5 Q. But you do know -- I mean, when the policy
6 matures, you're actually going to have that -- that
7 number goes hard, right?

8 A. Yes.

9 Q. And by the same token, the less money that
10 comes out of the account, the more reserves remain to
11 be repaid to the investor.

12 A. Yes.

13 Q. Now, one of the things that Retirement Value
14 did is it selected the policies it was going to offer
15 to the investors, correct?

16 A. Yes.

17 Q. And, you know, picking the right policies was
18 important to the success of this investment; is that
19 correct?

20 A. Yes.

21 Q. And I believe you told me that one of the
22 things that Marisa -- I'm sorry, that Katie Hensley did
23 was to analyze the policies to determine their
24 suitability?

25 A. Her function was she received the data from

1 James Settlement Services through Jeremy on what a
2 policy would cost, what the premiums were, what the
3 life expectancy was. She would put it into a
4 spreadsheet that she had created, which would then --
5 we would be able to calculate how much would be paid in
6 commissions.

7 You know, we would first make sure that
8 we were able to make sure that the client money would
9 get their returns that they were entitled to out of the
10 death benefit, make sure that commissions could be
11 paid, et cetera, and that there would be at least a
12 small margin left over for Retirement Value.

13 Q. If you turn to Exhibit 53, and I'll direct
14 your attention to the tri-fold, the number ending in
15 671 --

16 A. 671 you said.

17 Q. Yes. Yes, ma'am. I believe it's the second
18 page of the tri-fold.

19 A. Okay.

20 Q. If you'll note at -- under the heading
21 "Reputations at Stake," do you see that?

22 A. Yes.

23 Q. It says that "Retirement Value, LLC" -- I'm
24 sorry. "All Retirement Value, LLC re-sale life
25 policies are scrubbed at least two times in a rigorous,

1 due-diligence process to assure their legitimacy. Once
2 by the private investor before he purchases them and a
3 final review by Retirement Value, LLC."

4 Now, the private investor, that's
5 referring to James Settlement Services, correct?

6 A. Yes.

7 Q. And so James Settlement Services did some sort
8 of a due diligence review to determine that the
9 policies were legitimate.

10 A. Correct.

11 Q. Do you know what that due diligence review
12 entailed?

13 A. Well, they settled the policies usually with
14 either a broker or a life settlement provider, so there
15 was one level of due diligence done at that point as
16 well by those entities. And then when James Settlement
17 Services received the data on the policy, they sent all
18 the medical data to Midwest Medical. And then they
19 also -- they had a pretty extensive spreadsheet -- or
20 not spreadsheet, but computer program that they used to
21 evaluate the policy.

22 They supposedly were well entrenched in
23 the life settlement industry; so if a portfolio came to
24 their attention with several policies within it, most
25 of the times they recognized the portfolio. It might

1 I have been the second or third time around that the
2 portfolio had come around for analyzing. And they
3 would be able to pick and choose, amongst 50, 100, 200
4 policies, exactly which ones they wanted to purchase.

5 Q. What you've described to me, I think, is James
6 doing some sort of an economic analysis of the
7 policies. And I'm really actually trying to
8 concentrate on this --

9 A. Okay.

10 Q. -- due diligence scrub for legitimacy --

11 A. Okay.

12 Q. -- which sounds to me like some kind of a
13 fraud checklist.

14 A. Okay.

15 Q. I mean, do you agree with that or are you just
16 agreeing that I said that?

17 A. Well, upon reading the current regulations
18 that are going into effect having to do with life
19 settlement providers for the State of Texas, I know
20 California is very stringent as well. I say that to
21 get to the point that Ron -- I know there's a lot of
22 regulations in the life settlement industry over there,
23 so there's like anti-fraud provisions and all of that.

24 So I'm -- in looking at James Settlement
25 Services' paperwork that they signed -- that they

1 signed with Retirement Value, it appeared that they had
2 done their due diligence to check the legitimacy of the
3 policy.

4 Q. Okay. My question is actually a simpler one.
5 Do you know what their due diligence process was? If
6 mean, what due diligence did they do? Do you know?

7 A. I know they made sure that the policy existed,
8 that it was out of its two-year contestability. They
9 read through the application to make sure, I mean, that
10 there's no fraud involved with filling out the
11 application. I mean, they had copies of all of that.

12 Now I'm starting to speculate as to what
13 they actually did, so I don't know what the Step 1,
14 Step 2, Step 3 was for them.

15 Q. Let me ask you a different question. You may
16 not know. If the answer is "I don't really know what
17 they did," just tell me you don't know what they did.

18 A. Okay.

19 Q. I guess what I'm saying is don't try and guess
20 what James Settlement did. If you know, you know. If
21 you don't, you don't. Just if you don't, you don't.

22 A. Okay.

23 Q. Did they ever -- did they provide you with a
24 copy of a due diligence checklist?

25 A. Not that I recall.

1 Q. The phrase I read goes on to say "a final
2 review by Retirement Value". What due diligence review
3 did Retirement Value do?

4 A. I don't know what the checklist was with
5 Jeremy. I know that he checked with the life insurance
6 carriers to the existence of the policy. I believe we
7 obtained in our department a verification of coverage
8 either in conjunction with James Settlement Services or
9 on his own. There's a lot of red tape when it comes to
10 trying to communicate with insurance carriers; so
11 sometimes they give you what you're asking for,
12 sometimes they don't.

13 But I do know that we had up-to-date
14 verifications of coverage, up-to-date premium
15 illustrations on file. We were never allowed to, nor
16 did we ever, contact the owners of the policies
17 directly. So from that standpoint, we had to take
18 James Settlement Services at their word.

19 Q. You say Retirement Value did a verification of
20 coverage and some other illustrations. Isn't it true
21 that that verification of coverage was done after the
22 contract was signed to purchase the policy?

23 A. I don't know the timing of that.

24 Q. When policies went onto the portfolio for
25 investors to participate in, Retirement Value didn't

1 Services and Retirement Value with respect to each
2 individual policy?

3 A. I don't know if those agreements were that
4 detailed.

5 Q. Who interfaced with James Settlement vis-a-vis
6 the purchase of policies? Was that you or was that
7 somebody else?

8 A. That was Jeremy Gray.

9 Q. Prior to Jeremy joining, it was who?

10 A. Prior to Jeremy, about the purchase of the
11 policies, I believe was Dick. I signed policy purchase
12 agreements, but I never talked to Ron James directly.
13 Prior to that it would have been David Gray who did
14 talk to Ron James and signed policy purchase
15 agreements.

16 Q. Do you know what a STOLI policy is?

17 A. Yes, I'm somewhat familiar with that term.

18 Q. Can you -- what do you understand that to be?

19 A. Well, it's defined as a stranger-owned life
20 insurance policy. I know it's frowned upon by the
21 insurance industry, but I do not believe -- I mean, I
22 believe it still is a -- it's not illegal. It's
23 something that is done and can be done.

24 Q. Let me -- is it your understanding that a
25 STOLI policy is a policy that's issued to an insured

1 who already has in place an agreement to resell the
2 policy?

3 A. I don't know that, no. I don't know.

4 Q. You've not heard that definition?

5 A. No.

6 Q. Have you heard -- you've heard of premium
7 finance?

8 A. Yes. Yes.

9 Q. That's another thing that's also frowned on by
10 the insurance carriers?

11 A. Yes.

12 Q. Was Retirement Value willing to purchase
13 premium finance policies?

14 A. You know, I don't think we ever got that
15 information to even know if a specific policy we were
16 purchasing was premium financed or not. We obtained a
17 copy of the application. So in the ones that I
18 reviewed, I don't ever remember seeing a premium -- it
19 was like the policy was either owned by a family member
20 or by the family's trust; and when the insurance
21 carrier would ask the question "Is this policy -- have
22 you been approached about selling this policy or are
23 you purchasing this policy in order to resell it," it
24 was always checked no. So --

25 Q. In your understanding, did Retirement Value

1 look for signs of premium financing in doing its review
2 of the policies for purchase?

3 A. I don't believe we looked for specific signs
4 of premium financing. That's a Jeremy question.

5 Q. Okay. We'll --

6 A. I don't -- we did not purposefully look for a
7 premium-financed policy.

8 Q. Was it an issue -- I mean, premium-financed
9 policies, as you understand, are discovered by the
10 insurance companies, correct?

11 A. Yes.

12 Q. And if a policy is premium-financed, there is
13 a greater likelihood that the insurance company is
14 going to attempt to contest it, correct?

15 A. I do not know that.

16 Q. Okay.

17 A. That an insurance company would contest that.

18 Q. I mean, are you aware of that?

19 A. I'm aware insurance companies can contest
20 death benefits.

21 Q. I mean, are you -- you guys were, again, in
22 the business of selling investments based on life
23 settlements. Did you guys follow the ongoing trends
24 and this sort of ongoing dispute between the life
25 settlement industry and the insurance industry

1 regarding premium finance and STOLI?

2 A. Yes. Yes. And we were educated on that by
3 Ron James as well.

4 Q. And as part of that, you understood that a
5 number of insurance companies were taking the position
6 that if a policy was premium-financed or STOLI that
7 they could challenge its validity even past the
8 two-year time period.

9 A. I believe we were told that, but that was by
10 using a case -- there was an example of a case where
11 the insurance carrier did contest the payout of the
12 death benefit and the insurance carrier was ordered to
13 pay it out.

14 Q. My question is not whether the carrier is
15 right or the settlement industry is right. Just you
16 were aware of this going issue.

17 A. Yes.

18 Q. And the reason I'm asking is a lot of
19 companies who trade in settled policies avoid
20 premium-financed policies, correct?

21 A. They're probably less inclined to take on a
22 policy like that if you had --

23 Q. Sure.

24 A. -- another policy.

25 Q. And the same is true for STOLI policies,

1 correct?

2 A. Right. Yeah, it's something that you don't
3 necessarily want to have.

4 Q. And my question -- and it's not -- was that --
5 was STOLI or premium-financed something that Retirement
6 Value looked at as part of its due diligence process?

7 A. That would be a Jeremy Gray question.

8 Q. Okay.

9 A. And -- but I know that would have been
10 information that Ron James would have had and would
11 have disclosed to us.

12 Q. So it's either some combination of Jeremy Gray
13 doing his review or Ron James doing his review that you
14 believe that the STOLI issue would have been fleshed
15 out.

16 A. Correct.

17 Q. How was the purchase price on the policies
18 determined?

19 A. By James Settlement Services.

20 Q. Was there a negotiation? Or just you guys
21 took what James --

22 A. No.

23 Q. Did you guys turn down policies?

24 A. Yes.

25 Q. Because the price wasn't right or because --

1 Q. Okay.

2 A. I do know that in looking at the models and
3 things like that, if we were able to possibly lower
4 some things, we could have increased it to LE plus 36
5 or something like that in the model. But I know when
6 we did our modeling, LE plus 36 was going to -- just
7 wasn't going to make the model work at the time. So --

8 Q. It wouldn't make the model work because there
9 would be too little to pay commission, too little to
10 pay Retirement Value?

11 A. And to pay Kiesling, right. It wouldn't
12 adequately cover all the expenses, the rest of the
13 expenses.

14 Q. But if you lowered the expenses, you could get
15 a bigger reserve.

16 A. I don't know if we could actually work at LE
17 plus 36. We did look at that.

18 Q. Okay. I mean, it doesn't have to be LE plus
19 36. But just as a -- I mean, there's a finite pie that
20 comes in from the investor; and it's divided into a
21 Kiesling piece, a Retirement Value piece, a licensee
22 piece, and then a reserve account piece that goes to
23 the policy and to pay premiums, correct? I mean --

24 A. Yes.

25 Q. So I mean, if one slice of the pie gets

1 smaller, the other slices get bigger.

2 A. Yes.

3 Q. Okay.

4 A. We also modeled, though, how the pie pieces,
5 so to speak, were divided up with Life Partners; and
6 they actually -- their return on their investment was
7 much -- averaged much higher than Retirement Value's
8 return. So --

9 Q. I'm not saying -- I'm just -- my question is
10 also just almost just a math question.

11 A. Okay.

12 Q. Now, the -- because Retirement Value used the
13 investor money to pay for the policies, it administered
14 the purchase of the policies, correct? That was part
15 of the service that was provided.

16 A. Retirement Value administered the paperwork
17 part of it, but we didn't handle the money part of it.

18 Q. But you told Kiesling-Porter what to pay on
19 what policy and where to take the money from, correct?

20 A. I know we told them what the purchase -- the
21 money that needed to move. But as far as where to take
22 it from, I don't know how Jeremy did that. If he said,
23 "Take it from this subaccount, this subaccount, and
24 this subaccount to total a hundred thousand that needs
25 to go to Ron James," or if he told Kiesling, "We need a

1 what, five and a half years. So he would look at what
2 that insurance was and then multiply that cost of
3 insurance back to five and a half years. So we would
4 actually overescrow and overestimate for premiums.

5 Q. Okay. But as Jeremy went through and you paid
6 the policies, Jeremy wouldn't pay based on what the --
7 the premium request from the insurance company,
8 correct?

9 A. Correct.

10 Q. He wouldn't pay based on the estimate because
11 that was just an estimate, correct?

12 A. Correct.

13 Q. What he and Marisa did is worked with the
14 carriers to figure out how little they could pay to
15 keep the policy in force through the next period.

16 A. Correct. It's called premium maximization.

17 Q. Premium optimization, correct?

18 A. Yes. Thank you.

19 Q. And the purpose of that is it stretches your
20 premium reserves.

21 A. Yes.

22 Q. And in the type of policies that Retirement
23 Value purchased, there is no benefit in building up
24 cash value on death.

25 A. Correct. Yes.

1 Q. So this -- by using premium optimization,
2 Jeremy could keep the policy -- could spend less
3 premium money.

4 A. Hopefully.

5 Q. I mean, that was the idea, right?

6 A. Yes.

7 Q. And that would have a couple of benefits. If
8 the insured died at some time before LE plus 24, there
9 would be money -- there would be premium money coming
10 back.

11 A. Yes.

12 Q. Which would increase the investor's return.

13 A. Yes.

14 Q. And also it would delay -- if the insured
15 didn't die within LE plus 24, it would delay the onset
16 of a premium call.

17 A. Yes.

18 Q. Now, there's a -- there's a downside to the
19 premium optimization, correct? Doing it the way you
20 guys were doing it, right?

21 A. I heard Life Partners' comment on a downside
22 to their premium optimization, but they're now doing
23 premium optimization.

24 Q. And my question is not so much about what Life
25 Partners does or doesn't do. In a universal life

1 policy, the cost of the insurance, which is the amount
2 you have to pay each and every month to keep the policy
3 in force, goes up over time.

4 A. Yes.

5 Q. And the way the insurance company likes to do
6 it is you overpay -- you pay more than the cost of
7 insurance in the early years; and then as time goes by,
8 when the cost of insurance exceeds your scheduled
9 premium amount, you've got a cash reserve to make that
10 up plus you've got the earnings from the cash you put
11 in earlier, correct?

12 A. Correct.

13 Q. And by doing it that way, the insurance
14 company attempts to offer the insured a level premium,
15 correct?

16 A. Correct.

17 Q. I mean, this is just Universal Life 101,
18 correct?

19 A. Correct.

20 Q. But by not -- by paying just the bare minimum
21 along the way, you're not building up any kind of cash
22 reserve that smooths your future premium reserves or
23 your future premium needs, correct?

24 A. Right. We don't want to build up cash value.

25 Q. No. I understand.

1 A. Yes.

2 Q. But the downside is, if you get past your
3 reserves, your premiums are a lot higher than you
4 originally estimated. That's -- you're making that
5 business judgment to trade off --

6 A. When you say -- please define "get past your
7 reserves". The reserves that we have or --

8 Q. Yeah.

9 A. -- are you talking about the policy reserves
10 itself?

11 Q. Get past the reserves.

12 A. Okay.

13 Q. When you get past the LE -- whatever the time
14 period is.

15 A. Plus 24.

16 Q. Whatever the time period is.

17 A. Yes. Yes.

18 Q. It's a higher number and you don't have any
19 cash value that's -- that subsidizes future premium
20 calls.

21 A. Right. The cost of insurance goes up every
22 year.

23 Q. Right. I mean, you can subsidize the cost of
24 insurance. The --

25 A. If you pay more up front?

1 Q. Yes, ma'am.

2 A. Yes.

3 Q. And that's a trade-off.

4 A. Correct.

5 Q. And that's a business judgment that Retirement
6 Value made because it felt that that was in the best
7 interest of the investors.

8 A. Yes.

9 Q. Because Retirement Value felt that that would
10 generate the best and biggest return for the
11 investors.

12 A. Correct. And that was also what was
13 recommended by James Settlement Services.

14 Q. No, no, I'm not suggesting it's a bad idea.
15 I'm just saying that's what you did and why you did it.

16 A. Yes.

17 Q. So we're in agreement.

18 A. I think it's a great idea. Yes.

19 Q. All right. Now, I know this didn't actually
20 happen, but what was the plan for when -- if a policy
21 went beyond LE plus 24 and the reserves ran out?

22 A. The plan would then be Kiesling would then
23 have to submit to each of the clients or participants
24 that were listed on that policy what their pro rata
25 share would be of that premium.

1 Q. What happens if some of the investors don't
2 respond to the premium call?

3 A. According to our paperwork, those investors
4 would lose their principal -- they would basically give
5 up their portion that they had put into the policy.

6 Q. But Retirement Value still has to make up that
7 money, that lost money, correct?

8 A. Correct.

9 Q. Because an insurance company is not going to
10 keep 50 percent of the policy in force for 50 percent
11 of the payment.

12 A. Right. Correct.

13 Q. So what was Retirement Value going -- planning
14 to do for those -- to make up the funds for those that
15 declined to participate in the premium call?

16 A. Okay. Well first of all, this scenario would
17 not be in place until probably five to seven years down
18 the road. Okay.

19 Q. Uh-huh.

20 A. We had a verbal understanding with licensees
21 that would ask that question and clients that would ask
22 that question that if a client was unable to pay their
23 portion of the premiums, they would either be allowed
24 to switch with another investor, basically sell out
25 their participation, so if that particular licensee --

1 the optimal scenario would be that particular licensee
2 could find another client that would be willing to take
3 over the former client's participation in that policy
4 and do an even swap-out. Therefore, Client A would get
5 their \$10,000 back. Client B would then put in \$10,000
6 plus the premium call and, however, a shorter
7 timeline. So that would be one scenario.

8 I'm trying to think. That was basically
9 what we were --

10 Q. I mean, if I'm one of the investors that made
11 my premium call, I expect to get my money, correct?

12 A. If you made a premium call --

13 Q. If I responded to the premium call, sent my
14 money in, I'm entitled to get paid when the insured
15 passes.

16 A. Yes. Yes.

17 Q. And so, you know, I'm a little bit -- as that
18 investor, I'm at a disadvantage to the other investors, correct?

19 A. Right. If other investors decline to pay and
20 let's say we couldn't switch out their participation,
21 then that would be something that Retirement Value at
22 that point would be able to step in and financially be
23 able to handle.

24 Q. Right. But from my perspective, from the
25 investors' perspective, the investors are sinking and

1 swimming together, correct? Either --

2 A. According to the paperwork, yes.

3 Q. Okay. And that's the functional reality of
4 it.

5 A. Right. But I know you keep saying this isn't
6 about Life Partners. That's in Life Partners'
7 paperwork. However, they do have a way where they pay
8 premiums for the investors and take it out of the
9 matured proceeds of the policy for that investor.

10 Q. And in fact, they made -- they basically
11 advance a loan to --

12 A. They advance a loan against the matured value
13 of that investor's participation.

14 Q. Was that something that Retirement Value was
15 considering?

16 A. Absolutely.

17 Q. Okay. But as an investor, in order for
18 this -- for me to be protected, I'm relying on my other
19 investors to respond to premium calls and I'm also
20 relying on Retirement Value's ability to make other
21 people respond to their premium calls, to resell those
22 investments, or to somehow or other -- to somehow
23 bridge that gap, correct?

24 A. Yes.

25 Q. Now, when the -- you told me Retirement Value

1 does the death tracking. And what is death tracking?

2 A. Death tracking for Marisa, what she did?

3 Q. Just generally, generically, what is it?

4 A. Okay. It's just keeping up with the insured
5 and upon when they pass away. It's doing regular
6 checks on their health and whether or not their Social
7 Security number has been retired.

8 Q. Okay. What do you recall that Marisa did?

9 Is it Marisa or Marisa?

10 A. Marisa.

11 Q. Marisa. What did Marisa do?

12 A. Like in general or in specifically the death
13 tracking?

14 Q. On the death tracking.

15 A. Okay. I believe that she had several
16 memberships to different type of Social Security
17 databases that were recommended by James Settlement
18 Services.

19 Q. And she would periodically check all these
20 databases to make sure that the insureds were still
21 with us?

22 A. Yes. I believe if it's -- I believe she did
23 on a -- well, it's speculation. I don't know if she
24 set that up for monthly, quarterly. I don't know.

25 Q. But it's a process that she spent some amount

1 of time.

2 A. Absolutely. Yes.

3 Q. And it's important, right?

4 A. Yes.

5 Q. Because you need to know when your insurances
6 pass.

7 A. Yes.

8 Q. Then Retirement Value would, of course, be
9 responsible for making the death claim, correct?

10 A. Yes. Or we would get with, we would have
11 somebody in place to be able to process the death
12 certificate and things like that, yes.

13 Q. I mean, Retirement Value -- I mean, as between
14 the investor and Retirement Value, it was going to be
15 Retirement Value that would coordinate that process.

16 A. Yes. Yes.

17 Q. And then if the insurance company decides that
18 it wants to investigate or dispute or whatever,
19 Retirement Value would be -- it was going to be
20 Retirement Value's responsibility to deal with the
21 carrier, correct?

22 A. I believe so. According to the escrow
23 agreement, Kiesling was not responsible for that; so,
24 yes, Retirement Value then would --

25 Q. Would have to hire the lawyers or whatever

1 needed to be done to convince the insurance company to
2 pay out.

3 A. Convince the insurance company to pay out or
4 if the reason that they stated they would not pay out
5 was valid, then go to James Settlement Services and
6 say, "Hey" --

7 Q. Right. I mean, you would have to take action
8 to protect the rights of the investors.

9 A. Yes.

10 Q. The investors in this process are really
11 passive, correct?

12 A. I would say so, yes.

13 Q. They're picking from policies that you guys
14 present -- you, Retirement Value, presents to them,
15 correct?

16 A. They are picking the policies, yes.

17 Q. They don't get to speak to the insureds,
18 correct?

19 A. They do not and neither do we. Correct.

20 Q. As part of your death tracking, there was no
21 provision to actually reach out to insureds?

22 A. Marisa was in the process of becoming a life
23 settlement provider so she could do that.

24 Q. Okay. And of course, the insureds -- I mean,
25 sorry, the investors can't get their own life

1 expectancies or -- you know, they're relying on the
2 stuff that you guys provide to them.

3 A. Yes.

4 Q. And they're not -- they don't get to speak to
5 the insurer either because they're really not known to
6 the carrier.

7 A. Insurer?

8 Q. Yes. To -- if you bought an American General
9 policy, an investor in AGL062 couldn't pick up the
10 phone and call American General and expect to get
11 information.

12 A. They can't expect to get information, but a
13 lot of them did. A lot -- strike that.

14 I know of some investors that did call
15 insurers and just to verify policies were in force, et
16 cetera, and they did obtain information like that.

17 Q. But the actual give and take on the policy was
18 between the owner of the policy, which in this case was
19 Retirement Value.

20 A. Yes.

21 Q. And the carrier.

22 A. Correct.

23 Q. And -- you know, and that's how Retirement
24 value intended it, correct?

25 A. Yes.

1 Q. And in fact, the insurer -- the investors
2 executed powers of attorney in favor of their licensee
3 and in favor of Retirement Value authorizing some
4 combination of the two to take care of the investment.
5 Is that a fair statement?

6 A. Yes.

7 Q. And copies of those powers of attorney are in
8 Exhibit 52, which is Mr. Cain's paperwork. Is that
9 correct?

10 A. Yes.

11 Q. Now, each investor signed a version of those
12 powers of attorney. I recognize the forms may have
13 changed over time. Is that fair?

14 A. Yes. Some opted out of signing the power of
15 attorney between themselves and their licensee.

16 Q. But they had to sign the power of attorney to
17 Retirement Value.

18 A. Correct.

19 Q. And the form of the power of attorney, while
20 it may have changed at the margins, was fundamentally
21 the same for each of the investors?

22 A. Yes.

23 Q. And Mr. Cain's -- Mr. Cain has got a
24 nonqualified contract?

25 A. Yes.

1 Q. And that nonqualified contract, there was -- I
2 know that it changed over time, but fundamentally
3 similar or fundamentally the same as the one Mr. Cain
4 signed --

5 A. Yes.

6 Q. -- there in Exhibit 527?

7 A. This was the September version.

8 Q. Yes, ma'am.

9 A. Probably just minor changes.

10 Q. There was also a second set -- and we don't
11 have the exhibits and I know you mentioned this earlier
12 in your deposition. But there was a second set of
13 paperwork called the qualified paperwork?

14 A. Yes.

15 Q. And that was used for IRA's and qualified --
16 qualified retirement funds.

17 A. Yes.

18 Q. That was IRA's, 401(k)'s. What else?

19 A. I believe that's it.

20 Q. And that paperwork, while it changed at the
21 margin over time, was fundamentally the same throughout
22 the process.

23 A. Yes.

24 Q. So all of -- all the qualified participants
25 executed basically the same contract and -- correct?

1 A. Yes.

2 Q. And all the nonqualified participants executed
3 basically the same contract.

4 A. Yes.

5 Q. And by qualified and nonqualified, we're
6 talking about qualified retirement funds, correct?

7 A. Correct.

8 Q. We're not talking about anything suitability
9 or otherwise.

10 A. No.

11 Q. "You're correct, Mr. Nagli?" Again, we
12 double negated.

13 A. Oh. I'm sorry. We are not talking about
14 suitability.

15 Q. Thank you.

16 In you -- you mentioned earlier that the
17 licensees executed applications with Retirement Value?

18 A. Yes.

19 Q. And among those -- on your applications,
20 Retirement Value asked for things like whether they've
21 been convicted of a crime, convicted of a felony,
22 things like that?

23 A. Yes.

24 Q. Also asked if they had ever been a party to a
25 regulatory hearing or government regulatory action?

1 for different types and transactions than other states
2 do.

3 A. Correct.

4 Q. And Retirement Value operated not just in
5 Texas but in other states as well.

6 A. Yes.

7 Q. Do you know how many states you guys operated
8 in?

9 A. Not off the top of my head, no.

10 Q. About how many licensees did you have?

11 A. About 1200.

12 Q. Of those 1200 licensees, not all of them were
13 actually productive, correct?

14 A. Correct.

15 Q. How many licensees did you have that were
16 actually productive?

17 A. Probably 20 -- the 80/20 rule. Probably about
18 20 percent of the 1200.

19 Q. About 250?

20 A. Sounds like a good guess.

21 Q. I mean, that's 20 percent.

22 A. Yeah.

23 Q. And the licensees were selling based on
24 materials that were either provided by or approved by
25 Retirement Value, correct?

1 A. Correct.

2 Q. And again, they were not selling just in
3 Texas. They were selling in a variety of other
4 states.

5 A. Yes.

6 Q. California was a big sales state, correct?

7 A. Yes.

8 Q. Florida was a big state?

9 A. Yes.

10 Q. New York?

11 A. I don't think so.

12 Q. I'm --

13 A. I don't know.

14 Q. I mean, it just --

15 A. I believe California, Florida, and Texas was
16 where the majority -- probably 80 to 90 percent of
17 the business came from.

18 Q. Let me direct you to Exhibit 54.

19 A. Okay.

20 Q. And I want to -- and Exhibit 54 is an e-mail
21 trail involving you -- basically involving the
22 Retirement Value folks and Mike McDermott, correct? If
23 you flip through it.

24 A. I see him on -- being copied, yes.

25 Q. And in fact, the second e-mail -- it starts on

1 top.

2 A. Okay. Okay. All right.

3 Q. I mean, the first page is talking about --
4 it's a -- reflecting a dividends account, correct?

5 A. Yes. That's --

6 Q. And it's showing checks to Catherine Gray and
7 to Dick Gray and to Richard Gray. That's Mr. and
8 Mrs. Gray.

9 A. Yes.

10 Q. So this would be a Retirement Value thing, not
11 a Kiesling thing.

12 A. Yes. Yes.

13 Q. All right. You talked a little bit about the
14 dividends or distributions that you received as a
15 member of Retirement Value.

16 A. Yes.

17 Q. Now, you were a 20 percent owner of the
18 company?

19 A. Yes.

20 Q. And you were also an employee of the company.

21 A. Yes.

22 Q. An officer of the company?

23 A. Yes.

24 Q. And you were -- you started off -- your
25 initial title was vice-president?

1 A. I believe so.

2 Q. And then you became CEO as of April 1st.

3 A. Yes.

4 Q. Okay. All right. Let me turn your attention
5 to the second page of Exhibit 56.

6 A. Okay.

7 Q. You see this reflects a check -- Checks 1939
8 and 1940 being cut to the United States Treasury?

9 A. Yes.

10 Q. One check is -- and it's coming out of the
11 dividends account, correct?

12 A. That's the category, I guess, it's being
13 assigned to, yes.

14 Q. Right. And that's where Retirement Value
15 assigned the distribution payments is to the dividends
16 account to show that they're payments to equity.

17 A. Right. We didn't have a separate account for
18 dividends, like a checking account, I guess --

19 Q. No, ma'am.

20 A. I'm getting confused.

21 Q. An accounting account.

22 A. Yes. Okay. Sorry.

23 Q. It's an accounting account.

24 A. Okay.

25 Q. A book -- a booking account, not a --

1 deposited in my checking account.

2 Q. Right. And what are shown as dividends on
3 your --

4 A. Yes.

5 Q. In your system.

6 A. Yes. There were additional distributions, but
7 that were not here.

8 Q. We'll get to those.

9 A. Yes.

10 Q. We'll get to those and how they're booked.

11 A. Okay.

12 Q. Okay? But these are the ones that show up in
13 your dividend account. And it totals 688,000?

14 A. Yes.

15 Q. And that squares with what -- your
16 recollection of the dividends that you received?

17 A. I believe so. That sounds about right.

18 Q. So what shows in your dividend -- in the
19 dividend account with respect to you is the 688 that
20 was paid to you as a check and the 149,800 that was
21 paid to the IRS on your behalf.

22 A. Yes.

23 Q. And that's -- now, you -- you've testified
24 that the -- that certain funds -- it's about 12 -- 1.2
25 million was paid to -- by Retirement Value directly to

1 I named Scott Baker?

2 A. Yes.

3 Q. And who is Scott Baker?

4 A. Scott Baker is an attorney in Dallas.

5 Q. Okay. And Scott Baker, according to this
6 e-mail, told Dick that there was now a life settlement
7 task force in Fort Worth? I'm looking at that first
8 full paragraph after the bullets.

9 A. Okay. I see that.

10 Q. Had you heard anything about the SEC opening
11 an office in Dallas -- in the Fort Worth area?

12 A. Not other than what's

13 Q. What's here?

14 A. -- listed here.

15 Q. And had Dick ever talked before about being
16 concerned about being on the radar of the Securities
17 and Exchange Commission with the RV product?

18 A. He was always -- he was always concerned that
19 at some point the regulatory climate would change
20 because other states -- that was the pattern in other
21 states where it was starting to become designated as a
22 security in other states. So, yes. So he always had
23 that thought that at some point the State of Texas
24 would recognize the life settlement industry as a
25 security.

1 Q. Okay. In then the next paragraph, it sounds
2 like Scott Baker told Mr. Gray that -- and I'm reading
3 in quotes, "That in spite of our own best efforts at
4 legal double-talk here at RV we are right now in fact
5 marketing an unregistered security," end quotes.

6 Was it -- was it Mr. Gray's understanding
7 that you were, in fact, marketing an unregistered
8 security at that point? Do you think he agreed with
9 this statement?

10 A. I'm sorry. Which -- I'm trying to find that.

11 Q. This paragraph right here that says "Scott
12 Baker holds" --

13 A. Scott Baker?

14 Q. Uh-huh.

15 A. Okay. All right. Okay. I got you.

16 And I know that -- okay. I'm sorry.

17 Now, what was your question about that?

18 Q. I don't remember.

19 MS. JACKSON: Do you mind reading back?

20 THE REPORTER: Question: "Was it
21 Mr. Gray's understanding that you were, in fact,
22 marketing an unregistered security at that point? Do
23 you think he agreed with this statement?"

24 THE WITNESS: He held Scott Baker's
25 advice and views very highly. Even though he testifies

1 to what he heard in talking to Mary Keller at Winstead,
2 in talking to Tom Taylor in Houston and Roy Mouer and
3 all of that, then when he -- then when we met with --
4 he met with Scott Baker. We met with Scott Baker as
5 well together. When Scott tried to explain to him his
6 view that this is an unregistered -- that Scott thinks
7 that we are marketing an unregistered security, that
8 was -- Dick held that view in high regard. He took
9 notice of it.

10 Q. (BY MS. JACKSON) And did you participate in
11 any of the meetings with Scott Baker?

12 A. I did attend some of the meetings with Scott.
13 I believe I attended the very first meeting we had with
14 Scott and then some thereafter. I don't know if Dick
15 went to any without me. He may have or -- I can't
16 remember.

17 Q. Do you remember approximately when that was?

18 A. No, I do not. I don't.

19 Q. On the second page of this e-mail, in the last
20 paragraph, Mr. Gray mentions that the new model project
21 has morphed to become -- that RV itself has become what
22 the Princeton Report has now become for Midwest Medical
23 Review, a smoke screen behind which to hide the rapid
24 movement of RV away from the revised nonsecuritized
25 model to a securitized model.

1 Q. Who did Scott Baker represent?

2 A. Scott Baker had an engagement letter with Dick
3 Gray.

4 Q. But when you met -- when you and Mr. Gray met
5 with Scott Baker, isn't it true that he was advising
6 Retirement Value how to restructure its investment
7 offering?

8 A. Well, I mean, he was taking a look at the
9 current -- at the current product. But he was
10 advising, I guess, Dick Gray on a personal level on
11 what to do. I don't know. I -- that would have to be
12 a question for Scott and Dick.

13 Q. And you were an officer of Retirement Value.
14 You're sitting -- you're sitting there with Scott
15 Baker. Scott Baker is talking about "This is what
16 needs to be done to change, fix the offering
17 documents," right? I mean, that's the conversation.

18 A. He didn't tell us exactly what to change or
19 fix.

20 Q. Well, I mean, but he said something needed to
21 be fixed. You're just --

22 A. He thought there was holes in our model, I
23 guess.

24 Q. And he thought that -- and he thought that
25 your model was, in fact, a security.

1 A. Yes.

2 Q. But I'm -- he's talking about -- well, he's
3 talking about Retirement Value stuff. He's advised
4 that Retirement Value's model is a security. He's
5 proposing to do something to fix that, correct?

6 A. He's doing -- he was proposing to set up a new
7 model.

8 Q. That would have -- would avoid the security
9 issue.

10 A. Correct. That would have been set up probably
11 under a new company name.

12 Q. Who paid for Mr. Baker's services?

13 A. Great question.

14 Q. If the money to Mr. Baker was paid by
15 Retirement Value, would that change your opinion as to
16 who Mr. Baker was supposed to be working for?

17 A. I think --

18 Q. In fairness, let me just tell you --

19 A. Okay.

20 Q. Let me represent to you that it was paid by
21 Retirement Value.

22 A. Okay. Okay.

23 Q. So I mean, I'm not trying to trick you. So
24 accepting what I said, it was paid for by Retirement
25 Value --

1 yes. Yes.

2 Q. So he's -- I mean, my understanding of what
3 Mr. Baker was attempting to -- and you can correct me
4 if I'm wrong -- is that he was going to convert the
5 Retirement Value model from this loan, borrowing funds,
6 paying back baseline expected gain, to a pure re
7 going to sell you a chunk of a policy model and get you
8 directly in as an insurance broker or something.

9 A. That sounds familiar, yes.

10 Q. I mean, it's just a complete switchover of
11 what your actual model -- it's just a new model.

12 A. Right. Right.

13 Q. And he thought that based on the way the
14 securities laws were written that that would take you
15 out of the realm of a security and put you into the
16 realm of you're just reselling an insurance policy.

17 A. Correct. And it -- my understanding was that
18 would then be under the TDI and all that regulation and
19 all that.

20 Q. And that's what Mr. Baker was paid that
21 \$40,000 to do is to make that switch.

22 A. Correct.

23 Q. And Mr. Gray, as you've seen in -- as sort of
24 referenced in that e-mail, there's frustration with
25 Mr. Baker taking money and never actually turning out

1 And months roll by and it's not there.

2 A. Uh-huh. Yes.

3 Q. And there was another due diligence report,
4 too, right? I can't think of the guy's name. A
5 lawyer -- some kind of guy here in town, here in
6 Austin.

7 A. Jack Leslie.

8 Q. Yes.

9 A. Yes.

10 Q. Did that ever get done?

11 A. No.

12 Q. And that was kind of like the Hess report and
13 kind of like Scott Baker. It was one of those things
14 that kept getting promised and never actually got
15 delivered?

16 A. Yes.

17 Q. So Baker in -- what is this, January?

18 A. Yes.

19 Q. In January, Baker is telling you this is a
20 security Mover has raised a red flag. And there's
21 all this ongoing discussion of "Is it a security? Is
22 the regulatory climate changing," and, "Oh, well, what
23 about all these other states," right?

24 A. Yes. That is what's going through our -- yes.

25 Q. And so this "Is our product a security" is an

1 issue and it's been an issue of concern within
2 Retirement Value for several months, right, as of
3 January?

4 A. As of -- from January until -- yes.

5 Q. I mean, even going back maybe to September,
6 October, I mean, this is an issue that's sort of an
7 ongoing issue that's never quite resolved?

8 A. It's been an issue that was not resolved
9 through -- I mean, it was resolved verbally, we
10 thought, and then ended up not being; and Ron James was
11 telling us it's not and it's --

12 Q. But you're going to different lawyers and no
13 lawyer is going to give you -- no lawyer has offered to
14 give you a written opinion.

15 A. Correct.

16 Q. You know, instead, Mary Keller orally says,
17 "Yeah, I think you're okay." And then you go -- then
18 they go back and meet with her again and it's not
19 only -- then she denies ever saying it, right?

20 A. Yes.

21 Q. Which is a disturbing comment, right?

22 A. Very disturbing.

23 Q. And through all of this, was there ever
24 consideration given to "We don't know it's a -- maybe
25 it's a security. Maybe it's not. Why don't we just

1 security, maybe it's not, right?

2 A. There is -- there is an element of risk, which
3 is why we did keep going and searching for --

4 Q. Right. And my question is: Why didn't you
5 just treat it like it was a security and sell it
6 either -- either register it or sell it through some
7 form of a private placement so that whether or not
8 you're right it's a security, you're still complying
9 with the securities laws? That's my question.

10 A. Yeah. I believe it's because, I mean, when it
11 came down to it, we still did not fully believe that it
12 was. And Life Partners was able to sell it as not a
13 security, so it's --

14 Q. In order to sell the product --

15 A. It's not that -- I'm sorry. It's just not
16 that we did not want to comply. It was that we still
17 believed it was not.

18 Q. No, I understand what you're telling me. What
19 I'm asking is it's not -- it's fairly typical, when
20 regulatory issues are unclear, is to comply with the
21 regulation whether you think you absolutely have to do
22 it or not because it's just safer. And so the question
23 is, Why not just take the safer route and avoid -- you
24 know, avoid the fight with -- the potential fight with
25 the SEC or the State Securities Board and all of the

1 things that kind of landed us here?

2 A. Well, hindsight is 20/20. I mean, now that
3 we're here --

4 Q. Yeah. I mean, what --

5 A. -- I mean, maybe we should have or maybe we
6 could have.

7 Q. Through your work with Absolute Betan, what
8 did you understand you would need to do to sell the
9 policy -- or to sell the investment, the participation,
10 whatever you want to call it, as if it were a security?

11 A. Basically we would have had if we were starting
12 from scratch on Absolute Betan. It would have been a
13 completely separate set of paperwork, completely
14 different structure with the licensees. The commission
15 structure would have been lower. It actually would
16 have been more lucrative for the owners of Retirement
17 Value to do a securitized product. So it wasn't about
18 the money. It -- now I lost my train of thought. I'm
19 sorry. I got distracted.

20 Q. Well, let me ask some questions. Maybe you'll
21 get your train back.

22 Now, you said you'd have to change your
23 licensees and --

24 A. Right. The structure of the licensees, yes.

25 Q. Basically you would have to sell either

1 through -- you would have to sell through
2 broker-dealers, right?

3 A. Correct. Yes.

4 Q. And most of your licensees were not
5 broker-dealers.

6 A. They were not broker -- no. They were
7 individuals, yes.

8 Q. Well, I mean, you had Milkie Ferguson, which
9 was a broker-dealer.

10 A. Yes.

11 Q. And you had a number of other people who had
12 securities licenses --

13 A. Right.

14 Q. -- but weren't necessarily selling through
15 their broker-dealer.

16 A. Correct.

17 Q. Now, in order -- so Milkie could have
18 continued to sell for you.

19 A. Yes.

20 Q. But Gallagher could not have sold for you.

21 A. Correct.

22 Q. McDermott could not have sold for you because
23 he doesn't have a securities license.

24 A. Right.

25 Q. And any -- and everybody who had a securities

1 license would have to get their broker-dealer on board
2 with Retirement Value.

3 A. Yes.

4 Q. So this would have substantially limited
5 the -- your sales force.

6 A. It would have limited the RV sales force.

7 Q. No, I understand.

8 A. But the potential for Absolute Path and that
9 sales force was the broker-dealer networks were -- it
10 was -- there was a lot of potential on the securities
11 side.

12 Q. And on the -- with respect -- just with
13 respect to RV, RV never bothered with -- well, let me
14 ask you this. You know what an accredited investor is?

15 A. Yes.

16 Q. And you understand the rules for selling to
17 accredited investors are a little bit different than
18 the rules for selling to unaccredited investors.

19 A. Yes.

20 Q. I'm not going to quiz you on the differences,
21 but I'm glad you understand.

22 Now, did you understand that if it's a
23 private placement, there -- that you can -- your
24 ability to sell to unaccredited investors is limited?

25 A. Yes.

1 Q. No more than 35 in an offering?

2 A. Right. Right. That sounds about right.

3 Q. And you can't do a public offering. You have
4 to be -- it's got to be -- it's got to be a private
5 offering.

6 A. Uh-huh.

7 Q. So no websites, no brochures. You know,
8 it's --

9 A. Right.

10 Q. It's a much more focused sales effort.

11 A. That's very appealing to us.

12 Q. No. I understand. No radio shows, no --

13 A. Nothing.

14 Q. And the other thing you could have done was
15 register the -- registered an offering, right?

16 A. A fully registered product, yes.

17 Q. Right. But that's expensive.

18 A. Very expensive.

19 Q. Half a million dollars or more.

20 A. Uh-huh.

21 Q. Big law firms, accountants, lawyers, audits.

22 Yes.

23 MR. NAPOLI: Please note that she
24 shivered.

25 THE WITNESS: I don't think she caught

1 that on the record.

2 Q. (BY MR. NAPOLI) Well, the video did get it.

3 A. I'm kidding.

4 Q. But I -- look, securities compliance is
5 difficult.

6 A. To do a fully registered product, yes.

7 Q. And you've got to comply with Sarbanes-Oxley
8 and it's a big regulatory compliance burden, correct?

9 A. For fully registered, yes.

10 Q. Yes, ma'am. And so --

11 A. That was why we were looking at private
12 placement for Absolute Betah.

13 Q. But you didn't look for a private placement
14 for Retirement Value. And I guess my question is: Why
15 not?

16 A. Because when we started Retirement Value, we
17 fully believed it wasn't. We were told all along the
18 way -- Ron James -- you know, we've got Ron James on a
19 daily basis in one ear and it was -- the snowball
20 effect. I mean, I don't -- I don't want to sound like
21 I'm trying to come up with lame excuses, but it was
22 just -- that was the reason for Absolute Betah. We
23 were moving to that. Retirement Value would have been
24 stopped like a closed-ended fund kind of -- to use
25 securities lingo, once we got Absolute Betah up and

1 running, Retirement Value would have ceased to receive
2 participation.

3 Q. Okay. And your licensees would just be out
4 luck?

5 A. They could get securities licensed.

6 Q. Well, yeah. But I mean, there's no longer a
7 Retirement Value opportunity for them.

8 A. That's correct.

9 Q. I want to go back to the -- and I can't -- oh,
10 this is -- I think this is it. Hill Country Funding,
11 Exhibit 57. I just want to -- I'm going to -- you
12 notice that -- and I'm sorry, I don't have another
13 copy handy.

14 A. That's okay.

15 Q. You see that there's money that comes in --

16 MS. ANTONGIORGI: Mr. Napoli?

17 MR. NAPOLI: Thank you.

18 Q. (BY MS. NAPOLI) Do you see the first two
19 lines, there's \$900,000 that goes from Retirement Value
20 to Hill Country?

21 A. Those two transactions? Yes.

22 Q. Yes, ma'am.

23 A. Yes.

24 Q. And then \$800,000 comes back. Why?

25 A. Great question.

1 A. I don't know.

2 Q. Okay.

3 A. That would be a question for Dick. He would
4 know exactly what that is. Yeah.

5 Q. Okay. So that's a Dick Gray question.

6 A. Yes.

7 Q. Thank you.

8 Just the total -- do you have -- I don't
9 think you've been asked this directly. The total
10 amount raised by Retirement Value during its operating
11 history was 77 million, plus or minus?

12 A. I believe that's the number.

13 Q. And there were about 900 investors?

14 A. Yes.

15 Q. I know you talked to Mr. Weisbart generally
16 around it, but no one ever -- you never said it was 77
17 million.

18 A. Well, that was based upon your all's work.

19 Q. I mean, did you guys keep track of the flow of
20 funds?

21 A. Katie Hensley did, yes.

22 Q. But that's something you guys talked about
23 internally.

24 A. Well, what I did was every month I ended up
25 putting together like a PowerPoint presentation that I

1 updated. We never used it, but it was just for my own
2 nerdiness, I guess. I like to -- I liked to see what
3 came in that month and then I was able to
4 exponential -- you know, I was able to take it out to
5 see what our growth was going to look like so I could
6 see how we needed to prepare staffing-wise and things
7 like that.

8 Q. So you were tracking for planning purposes.

9 A. Right.

10 Q. And when you saw the 77-million-dollar number
11 through our work, it didn't strike you as, "Oh, my God,
12 that's a ridiculous number," right? It was in accord
13 with your own estimates of how the --

14 A. Correct. Right. Now, the 77 million that we
15 recorded was above, though, what we had accounted for
16 on policies because there was money in the master
17 escrow account that we did not -- that was not placed
18 on policies yet.

19 Q. Correct. That was the money that had come in
20 about the week or so before --

21 A. Uh-huh.

22 B. -- the cease and desist.

23 A. Correct.

24 Q. And that money just never moved out.

25 A. Right.

1 A. Okay.

2 Q. I mean, agree with me. I don't want to --
3 read it to yourself. But --

4 A. Yes, he is agitated.

5 Q. And he's upset because there's a -- apparently
6 a deficit for premiums in fully subscribed accounts,
7 correct?

8 A. That is correct.

9 Q. And that's -- and it's about 2.6 million
10 according to David.

11 A. That is correct.

12 Q. So as of October of 2005, there's 2.6 million
13 dollars less in the fully subscribed accounts than is
14 supposed to be.

15 A. Right.

16 Q. And now, part of that comes from Retirement
17 Value's practice of taking money from Account A to pay
18 for Policy B, correct?

19 A. I don't agree with that statement.

20 Q. Well, let me -- if I've invested in Policy A
21 and I put -- you know, there's a hundred thousand
22 dollars in an account for Policy A and that policy is
23 fully subscribed and all the money is there and you
24 take money from that account to use it to buy another
25 policy, that money is not in that account anymore.

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

2 STATE OF TEXAS,
Plaintiff

IN THE DISTRICT COURT OF

3 VS.

4 RETIREMENT VALUE, LLC, ET AL,
5 Defendants

TRAVIS COUNTY, TEXAS

6 AND

7 KIESLING, PORTER, KIESLING &
8 FREE, P.C.,
Relief Defendant

16TH JUDICIAL DISTRICT

9
10 REPORTER'S CERTIFICATION
DEPOSITION OF WENDY ROGERS, VOLUME 2
11 JULY 5, 2011

12
13 I, SHERRI SANTMAN FISHER, Certified Shorthand
14 Reporter in and for the State of Texas, hereby certify
15 to the following:

16
17 That the witness, WENDY ROGERS, was duly sworn
18 by the officer and that the transcript of the oral
19 deposition is a true record of the testimony given by
20 the witness;

21
22 That the deposition transcript was submitted
23 on July 18, 2011 to the witness or to the
24 attorney for the witness for examination, signature,
25 and return to me by August 8, 2011;

1 That the amount of time used by each party at
2 the deposition is as follows:

3 Jennifer S. Jackson - 13 minutes
4 Michael D. Napoli - 3 hours, 21 minutes
5 Isabelle M. Antongiorgi - 1 hour, 13 minutes
6 Geoffrey D. Weisbart - 28 minutes
7 Wendy Rogers - 5 minutes

8 That pursuant to information given to the
9 deposition officer at the time said testimony was
10 taken, the following includes counsel for all parties
11 of record:

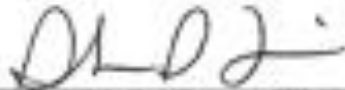
12 Jennifer S. Jackson, Attorney for Plaintiff
13 (512/475-4866)
14 Michael D. Napoli, Attorney for the Receiver
15 for Retirement Value, LLC (214/939-5500)
16 John W. Thomas, Attorney for the Receiver for
17 Retirement Value, LLC (512/495-1400)
18 Isabelle M. Antongiorgi, Attorney for the
19 Receiver for Hill Country Funding (512/473-2257)
20 Geoffrey D. Weisbart, Attorney for Intervenors
21 Gary Cain, Barry Edelstein, and Qvest Master Fund III
22 (512/479-8888)
23 Wendy Rogers, Pro Se

24 I further certify that I am neither counsel
25 for, related to, nor employed by any of the parties or
attorneys in the action in which this proceeding was
taken, and further that I am not financially or
otherwise interested in the outcome of the action.

Further certification requirements pursuant to
Rule 203 of TRCP will be certified to after they have

1 occurred.

2 Certified to by me this 18th day of July,
3 2011.

4
5
6 

7
8 SHERRI SANTMAN PISKUN, Texas CSR 2336
9 Expiration Date: 12-31-11
10 Sunbelt Reporting & Litigation Services
11 Firm Registration No. 87
12 1016 La Posada Drive, Suite 294
13 Austin, Texas 78752
14 (512) 465-9160

15 FURTHER CERTIFICATION UNDER RULE 203 TRCP

16
17 The original deposition/errata sheet
18 was/was not returned to the deposition officer on

19 _____;

20 If returned, the attached Changes and
21 Signature page contains any changes and the reasons
22 therefor;

23 If returned, the original deposition was
24 delivered to _____, Custodial
25 Attorney;

1 That § _____ is the deposition officer's
2 charges to the _____ for preparing
3 the original deposition transcript and any copies of
4 exhibits;

5 That the deposition was delivered in
6 accordance with Rule 203.3, and that a copy of this
7 certificate was served on all parties shown herein on
8 _____ and filed with the Clerk.

9 Certified to by me this ____ day of _____,
10 _____.

11
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25

SHERRI SANTMAN FISHER, Texas CSR 2336
Expiration Date: 12-31-11
Sunbelt Reporting & Litigation Services
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(512) 465-9100

Job #94346

Unofficial copy Travis Co. District Clerk Velva L. Price



Re-Sale Life Insurance Policies

Retirement Value, LLC
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RV@retirementvalue.com
www.retirementvalue.com

The information contained in this handout does not constitute an offer of insurance, and is not intended to induce anyone to buy any security or any insurance product.

Δ IT EXHIBIT 4
Employee Keegan
Date 1/11/11



Thank you for the privilege of allowing us to share our proprietary re-sale life insurance policy program with you. We believe both prospective Licensees and prospective Client-participants will want to know:

- All Client-participant funds are deposited in escrow accounts at Wells-Fargo Bank, NA with a rich, storied, near-mythic legacy dating back to 1852. Naturally, their agreement to accept our deposits cannot be interpreted as and is not an endorsement of our program.
- All Client-participant funds are managed by Kiesling, Porter, Kiesling & Free, P.C., a 40-year-old law firm in New Braunfels, Texas, functioning as Escrow Agent. Retirement Value, LLC handles any Client-participant funds at any stage of this program.
- Premium payments will be escrowed to cover Life Expectancy ("LE") plus 4 months. This means if an insured has an LE of 60 months, premiums will be escrowed for 64 months. And upon the death of the insured, all un-used premiums will be distributed on a pro-rata basis to all Client-participants in addition to the return of their initial basis plus expected gains.
- The fundamental data required in any Life Expectancy program is thoroughly underwritten by and provided to us by at least (3) independent and totally objective LE sources. We always select the longest.
- The re-sale policies exhibited by Retirement Value, LLC are immediately available for Client-participant selection are exactly that – they are available. Each case in our "portfolio" has been sourced from a policy aggregator who has been buying policies in the life Insurance Secondary Market for over 15 years. On average, he and his staff review \$500 million in face amount / death benefit each week to make their selections; then execute formal policy purchase agreements to take ownership of each case; finally sell some of those policies to us after completion of their thorough due diligence.
- For potential Licensees reading the summary sheet – our policy source promises us up to \$30 million in face amount each week if needed, thus assuring your ability to meet the demands of even your very largest individual and institutional Client-participants.
- Our high policy purchase volume assures Retirement Value, LLC exceptionally low policy purchase prices – thereby increasing the margin or "spread". We pass through to Client-participants outstanding base-line targeted gains as a result of this lower overhead.

We welcome this special opportunity to introduce you to a true "win-win" program and look forward to the privilege of serving you. Thank you for allowing us to "visit" with you this way!

Mark Gray
President / CEO
Retirement Value, LLC



Re-Sale Life Insurance Policies

An Overview

There really are no mysteries about or any complicated moving parts with re-sale life insurance policies owned by Retirement Value, LLC. We buy the death benefit of a life insurance policy at a deep-discount from the full "face amount". This "spread" or leveraging of our funds generates significant gains upon the passing of the insured - in which you participate on a pro-rata basis. This decades-old idea is just that straight-forward - doing more, nothing less!

Simply put, for almost twenty years "retail" or individual financial decision-makers have been able to enjoy the same spectacularly high gains previously realized for decades by only the very wealthy and institutional/"wholesale" players in the secondary market for life insurance. These profit levels from the "re-sale" in such cases have been realized ever since selling the "death benefit" within a life insurance policy to an assignee was declared "legal" by the U. S. Supreme Court in 1911.

Client-participants in our re-sale life insurance policy program are "assignable co-beneficiaries". As an assignable co-beneficiary upon maturity of the policy due to the death of the insured, you receive a pro-rata distribution of the death benefit. All policies in which you participate have been sold by individuals or companies who no longer wanted or needed the policy. The specific amount you receive at maturity is determined by your original participation amount plus your base-line targeted gain.

HERE'S THE BOTTOM-LINE! When an insured passes away, you are repaid your original participation amount plus a gain, which we call your "base-line targeted gain". Your total at maturity could be higher if there are any un-used premiums to be refunded. These payments are made to you by Kresling, Forney, Kresling & Free, P.C., our Escrow Agent - a 40+ year-old Texas law firm that independently manages all monies used for your participation.

Re-Sale Life Insurance Policies

Legal Foundation

One of the questions most frequently asked by someone considering participation in a re-sale life insurance policy is "Is this legal?" Justice Oliver Wendell Holmes, Jr. (1841-1935) of the U.S. Supreme Court (appointed December 8, 1902, by President Theodore Roosevelt) answered "yes" when he penned the majority opinion for GRUBBYN v. RUSSELL, 222 U.S. 149 (1911) December 4, 1911. Justice Holmes stated with clarity on behalf of the entire high bench:

It is not desirable to give life policies the ordinary characteristics of property; to deny the right to sell... it to diminish appreciably the value of the contract in the owner's hands. It has been decided that a valid policy is not avoided by the cessation of the insurable interest...."

FOR 2008 THE RE-SALE LIFE INSURANCE MARKET WAS VALUED AT OVER \$12 BILLION.



Re-Sale Life Insurance Policies

Financing Entity

Retirement Value ("RV") was selected by their exclusive Policy Financing entity to penetrate the re-sale market for reasons of integrity, professionalism, an unyielding pursuit for compliance, and an unsurpassed focus on detail.

RV's Financing Entity is one of the earliest participants in the Life Settlement market and has been one of the most consistent and largest private partakers since 1995. They were one of the leading estate planners and producers for the most prominent Life Insurance issuers in the US throughout the 1980s and 1990s. Their entry into Life Settlements was by pure accident (as is the case with most of history's innovations). They "treated" Life Settlements; they just happened.

Their entry was a result of one of his estate planning clients wanting to let a policy lapse due to money constraints. Concerned about his client's plight, he went and met with her. She explained her financial situation and he offered her a substantial sum of money on the spot. The client was ecstatic. This was an option not previously open to her or anyone at that time. Leaving with the policy he'd just bought and wondering aloud "what have I just done?" - this may have been the first "Life Settlement" ever transacted.

Since that date, they became active planners in developing the first wave of policies for secondary harvest. This came about as the result of many years as a prominent estate planner and seeing and analyzing the various life products on the market for the benefit of his prominent and wealthy clientele. The policies that were first presented (after contestability) were from life insurers that had been strategically selected for several characteristics, one of them being the lowest cost of insurance ("COI" or age). This led to a rapid increase in policies being written across a wide spectrum of elderly in the US as they went on road-shows across America to present the Life Settlement option for increasing life insurance sales.

Since then the Financing Entity has been selected to consult, underwrite, and perform the warehousing function for numerous funds involved in the management of public employee pensions and other international investment banking engagements. They never have been a target of any regulatory inquiry or litigation.

RV's Financing Entity has provided prefunded, policy warehousing at 0% interest for the re-sale life insurance policies we offer to clients.



Re-Sale Life Insurance Policies

Escrow Agent

Safeguarding and preserving both a Client-participant's basis and targeted income in a re-sale life insurance policy are essential components of our program. Retirement Value, LLC assures the total safeguarding and preserving of your basis and targeted income by using an independent Escrow Agent, Klesling, Porter, Klesling & Free, P.C.

OUR ESCROW AGENT AS THIRD-PARTY FIDUCIARY

Retirement Value, LLC assures the total safeguarding and preserving of your money using Klesling, Porter, Klesling & Free, P.C. in New Braunfels, Texas, a 40+ year-old law firm that functions as Escrow Agent to receive and process all funds for our re-sale life insurance policy cases.

The Escrow Agent also pays all premiums due on all policies and refunds to you on a pro-rata basis any un-used premiums remaining in escrow when the insured passes away.

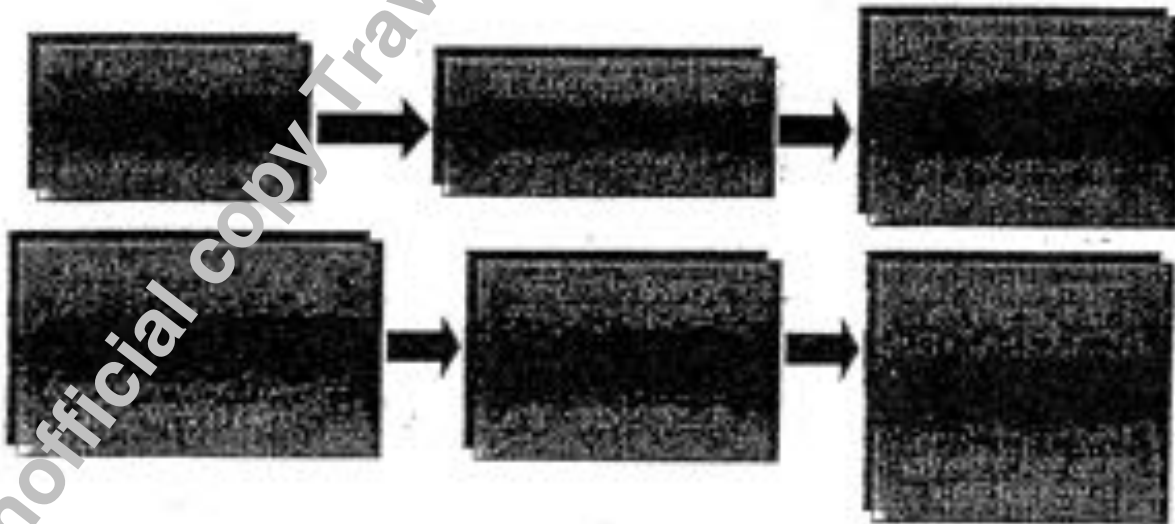
All monies processed by Klesling, Porter, Klesling & Free, P.C. are deposited in escrow accounts held at Wells Fargo Bank, N.A. in New Braunfels, Texas. Klesling as Escrow Agent is independently bonded by a licensed bond carrier.

At no time do any Client-participant funds come to, pass to, or get handled by anyone at Retirement Value, LLC. Also, participants in our re-sale life insurance policy program receive reports on a regular basis from Retirement Value, LLC and the Escrow Agent to verify that the proper premiums have been paid and the policies remain in-force.

Re-Sale Life Insurance Policies

What Happens Next?

Once the paperwork is mailed in, what can your Clients expect?



Re-Sale Life Insurance Policies

"The Spread"

TOP OF "THE SPREAD" = INCOME

All death benefit pay-outs from these sale policies are paid by
Kiesling, Porter, Kiesling & Free, P.C. as beneficiary to protect you.

BOTTOM OF "THE SPREAD" = EXPENSES

- Cost of buying the policy
- Ongoing premium payments to maintain the policy
- Application fees for qualified-funds accounts
- Escrow Agent fees and bank costs
- Administrative and referral fees



Re-sale life insurance policies have "moving parts". Client-participants are paid back all of their back plus their pro-portion of "The Spread", or the difference between costs and the final pay-out when a insured dies.

Your funds allow *Retirement Valve, LLC* to purchase and to own re-sale life insurance policies that already have been sold to a policy aggregator by the original policy owner(s) or the original insured(s). "The Spread" shows graphically how *Retirement Valve, LLC* is able to pay you such a high income in your funds. Pay-back of all monies in a re-sale life insurance program occurs when the insured passes away. All un-used premiums held in escrow by *Kiesling, Porter, Kiesling & Free, P.C.* are refunded to Client-participants.



Re-Sale Life Insurance Policies

Life Expectancies

All life expectancy (LE) underwriting reports are a well-informed combination of art, science, and statistics. All life expectancy reports are carefully crafted, deliberate estimates, driven by the medical records provided. Therefore, it should not be surprising that there can be significant variations even when similar statistical methodologies are employed. What follows is a specific example:

For the same 79-year old male, based on the same medical history, Retirement Value, LLC received three evaluations, and each was different. One was for 47 months; another for 49 months; and a third report was for 67 months.

The important point is that Retirement Value, LLC selected the 67-month evaluation and added an additional 24 months of premium in the escrow account to protect our clients. How did this protect our clients? By selecting the longest available LE timeline and still adding 24 additional months of premium to the premium escrow account. Retirement Value, LLC reduced as much as reasonable the future risk of a premium call.

LE Source #1

Life Expectancy Certificate

Subject: [REDACTED] D.O.B: 12/11/1930
Evaluation date: 02/12/2010 Smoking Status: Former Smoker
Age: 72 S.S. #: [REDACTED]
Gender: Male

Life Expectancy 62 Months

LE Source #2

[REDACTED]

Case: 25012

LIFE EXPECTANCY CERTIFICATE

Certificate Date: 02/12/2010
Insured: [REDACTED]

Requested By: Client
Date of Birth: 12/11/1930
Age: 79 Gender: M
Life Style: Non Smoker
SSN: Not Available

Medical Life Expectancy for this Patient is 47 Months, 3.9 years

(This is a Medical Life Expectancy based on information provided and is an ESTIMATE of longevity only)

LE Source #3

Life Expectancy Certificate

DATE: 10/26/2009 PATIENT: [REDACTED]
SSN: [REDACTED] D.O.B: 12/31/1930
AGE: 79 SEX: MALE

Given the Age of the Subject and his Medical Management with

Compliance, his projected LE would be 48 Months on available information. This does not mean that Mr. [REDACTED] will not die sooner nor live longer than the time frame indicated. Clearly, the factors outlined above have mortality implications.

1259 00026

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RETIREMENT VALUE, LLC

October 15, 2014

FOR REFERENCE ONLY.

Current 18 case Portfolios available for client participation



POLICY CODE	FACE AMOUNT	INSURANCE CARRIER	SEX	AGE	STATUS	START DATE	AVAILABLE FOR PARTICIPATION	18 CASE PORTFOLIO	18 CASE PORTFOLIO
LFGM140174-NC	\$1,250,000	Lincoln Financial	FEMALE	88	64 months	12/15/2010	\$117,500		
UNL01-011718-8W	\$2,000,000	Lincoln Benefits	MALE	77	60 months	12/15/2010	\$119,000		
UNL01-022410-8W	\$1,000,000	Lincoln Benefits	MALE	73	60 months	2/15/2010	\$142,500		
AAA01-033410-18	\$1,000,000	AAA Equitable	MALE	74	67 months	2/15/2010	\$133,000		
LFG11401718-8W	\$2,000,000	Lincoln Financial	FEMALE	8	62 months	1/15/2010	\$117,500		
LFG01-012810-8W	\$1,000,000	Lincoln Financial	FEMALE	78	62 months	1/15/2010	\$117,500		
AAA01-012718-18	\$1,000,000	AAA Equitable	MALE	81	61 months	12/15/2010	\$117,500		
LFG01-111110-8W	\$1,000,000	Lincoln National	FEMALE	82	61 months	10/15/2010	\$117,500		
FL140-111110-0M	\$10,000,000	Pacific Life	MALE	83	58 months	11/15/2010	\$1,305,000		
AXL 101-011018-18	\$2,000,000	American	MALE	88	53 months	11/15/18	\$245,000		
	\$36,225,000						\$1,445,000		18.8% annually + total LE in years

Sample of a recent portfolio.

NOT FDIC/NCUA INSURED - NO BANK/CREDIT UNION GUARANTEE - NOT A DEPOSIT - NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY - MAY REQUIRE ADDITIONAL CONTRIBUTIONS



Re-Sale Life Insurance Policies

Our Management Team

Dick Gray – Founder / President / CEO

Mr. Gray has held these positions since company start-up and remains very active in guiding the public presentation of the proprietary re-sale life insurance policy model he helped pioneer. Dick has helped clients make wise money decisions during financial times for the past 35 years and has been a licensed insurance agent for over 18 years. Personal participation in the re-sale life insurance policies for his own retirement planning reinforces his credibility when assisting numerous clients in doing the same. After earning an A. B. degree in political science and a Master of Divinity degree — and prior to the start of his business career — Dick proudly completed four years of U.S. Army active duty as a Chaplain, which included 13 months of decorated field duty in Viet Nam.

Wendy Rogers – Vice President, Administration and Services

Mrs. Rogers supervises our Client Services Department while contributing personally to the development, design and implementation of all marketing and print materials; she also coordinates all computer and information technology needs. Wendy manages the massive data accumulation an operation like ours generates and assures client privacy, while providing timely on-line access for licensees and clients alike to all information needed for a satisfying business relationship with us. She combines 10 years of service in the insurance, financial planning, and banking industries with several years of re-sale policy sales experience. Wendy's B.S. in Agribusiness was earned at Texas A&M University – College Station, and she also has earned a Master's in Business Administration.

Bruce Collins – Chief Operating Officer

Mr. Collins brings to this crucial position many years of success and achievement in the general financial services industry, including work as a registered rep, and over five years of directly-relevant experience within our re-sale / life settlement industry as a Master Licensee and top-level player for our product line with another company. Mr. Collins coordinates all Licensee administration, policy-making decisions, and implementing execution for all "field" activities. He currently holds a Series 62, 6, and 7 licensing. Mr. Collins resides in Grand Prairie, TX, placing him at the financial epicenter of so much of the explosive growth and success at Retirement Value, LLC.

Katie Hershey – Director of Finance

Mrs. Hershey is the primary point of contact for all Licensee commission matters at Retirement Value, LLC. Ongoing administration of all commissions and invoicing of all commission payments to the Escrow Agent; coordinating development of sales hierarchies; placing client funds on the specific policies your Clients select; recommending new policies to be placed on the bouquet — these are just a few of the duties she performs efficiently and accurately. Katie holds a Bachelor of Business Administration from Texas A&M University-Kingville.

Jeremy Gray – Director of Policy Administration

Mr. Gray coordinates all policy acquisition and is the point of contact between our policy supplier and Klesling, Fortec, Klesling & Free, PC. He also maintains constant communication with all life insurance carriers that have issued policies that Retirement Value currently owns. He continually negotiates premium payments to cover the cost of insurance with these carriers for each policy and invoices the premium payments through our Escrow Agent to be paid to the appropriate insurance carriers.

DeAnna Lewis – Manager of Client Services

Mrs. Lewis and her expanding staff "scrubs" all in-bound client paperwork sent to us by the Escrow Agent. She coordinates the flow of all applications with the Licensees, Escrow Agent, and the selected Custodian for all qualified funds. Mrs. Lewis joined our team with over 8 years of experience in the legal field with the two largest law firms in Austin, Texas, both as a Word Processing Supervisor and as a Legal Secretary in Insurance Defense Litigation.

FRANKLIN TEMPLETON FIXED INCOME INVESTMENT INSIGHT

An Introduction to the Life Settlements Asset Class

KEY HIGHLIGHTS

- Life settlements may offer investors the potential for diversification and attractive returns
- The asset class offers investors the opportunity to allocate capital to an asset class with historically low correlation to traditional equity and fixed income
- The market has grown to potential to an estimated \$240 to \$600 billion

Life settlements represent the rapidly developing secondary market for life insurance policies issued in the United States.

INVESTMENT CHARACTERISTICS

Investors are attracted to the market due to the following primary investment characteristics:

Attractive Expected Returns¹—The asset class offers the potential for attractive returns relative to investment grade fixed income assets, due in part to it being a new and developing capital marketplace. Projected returns may be similar to those that investors can expect to achieve in other higher-risk asset classes, including equity markets.

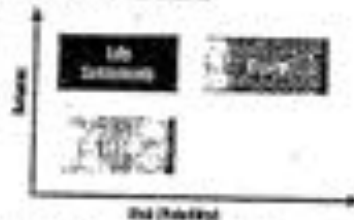
High Credit Quality—Life policies typically sit at the top of the capital structure of investment grade insurance companies. This makes them attractive to investors with high credit quality constraints in their investment guidelines.

Chart 1: Policies are Typically at the Top of the Capital Structure



Low Correlation of Returns—Historically, the asset class returns have lower exposure to economic and financial market cycles. Thus, life settlements may provide portfolio diversification benefits relative to a traditional asset mix.

Chart 2: Life Settlements May Offer Attractive Returns with Lower Risk than Traditional Asset Classes



1. Source: Research, Franklin Templeton Investments, F.O.D.

THE DEVELOPING MARKET

Processes and behaviors came together in the late 1990s, paving the way for more efficient transfer of life insurance policies. At the same time, a new, older segment of Americans started themselves holding life insurance policies that they no longer needed. The life settlements market developed and began to provide liquidity to the baby boomer population. Though individuals have many reasons for exiting their policies, few are aware of the life settlements marketplace and either accept a cash surrender value from the insurance company (often between a quarter and a half of what can be found in the life settlement market) or let the policy lapse. The fundamental reason for the rapid growth of the life settlements market is consumer sales. The life settlements investor can pay more than cash surrender value and still expect a competitive internal rate of return (IRR) on their investment.

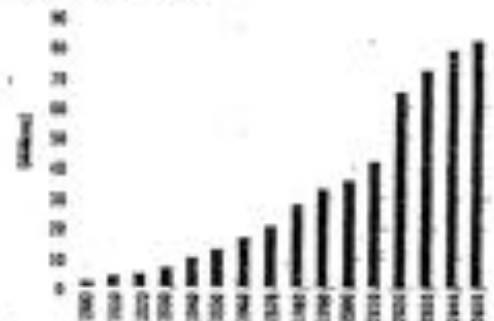
In recent years, the life settlements market has developed to give competitive market pricing, rather than just the cash surrender value, to policyholders for insurance policies they may no longer want or need. In the life settlement transaction, a policyholder sells a life insurance policy to an investor. The investor pays the subsequent premiums and is entitled to receive the policy's benefit upon the demise of the insured.

We believe that regulation, demographics and a low national savings rate will drive the expansion of supply in the life settlement market. The demographic wave of the baby boomer generation—those born in the U.S. between 1945 and 1965—is well known. This generation is now moving towards retirement with minimal savings relative to expected post-retirement expenditures. The cohort of those 65 or older is expected to grow at a rate of three times that of the general population. As this cohort grows, those wanting or needing to sell life insurance will grow as well.



According to the 2005 American Council of Life Insurers Fact Book, there is about \$18 trillion worth of face value of life insurance in the United States. While the United States life insurance market accounts for almost 30% of the worldwide market, only a portion of the total \$18 trillion of outstanding life insurance in the United States is suitable for a life settlement transaction. Estimates place the U.S. life settlement market potential between \$240 and \$600 billion.

Chart 3: The Market of Policies Available for Sale is Increasing Due to Demographic Trends
(\$-Billion Available by Year)



Source: U.S. Census Bureau, 1994, Dordickoff, Tucker-Pomona Publishing, 1999

Chart 4: The Estimated Size of the Life Settlement Marketplace is Growing
(\$-Billion Available by Year)



ASSET CLASS RISK IN THE INVESTMENT PROCESS

An effective life settlement investment process integrates several key investment and risk management functions. These include identifying the opportunity set of available investments through a policy acquisition network. Life settlement investment research should include the analysis of assets/instruments with uncertain cash flows, insurance company credit risk, health care trends and other industry developments. Finally, robust portfolio and risk management systems tailored specifically for life settlement asset class are required to monitor and effectively manage life settlement portfolios. Failure to properly manage the cash flow, insurance company credit

and healthcare/technology risks will potentially result in permanent loss of capital.

Inputs into the Life Settlement Valuation Process

- Actuarial tables derived from life settlement population
- Minimum cost of insurance
- Mortality debts
- Policy structure
- Credit spreads
- Conditional credit default based on specific to policy obligations
- Recovery rates adjusted for guaranty levels
- Life settlement risk premiums

Opportunity Set and Asset Acquisition

Investment managers use a network of life settlement brokers and producers to intermediate the sale of life insurance policies by policyholders wishing to sell them to investors wishing to buy them. Successful managers will continue to expand relationships across this developing industry to remain informed when suitable policies are being brought to market. As a part of its initial review, the investment manager considers available policies, associated policy illustrations, medical records and life insurance company underwriting reports relating to the underlying health risks in order to arrive at a valuation. In the asset acquisition phase of the program, the investment manager relies on internally developed pricing and valuation models.

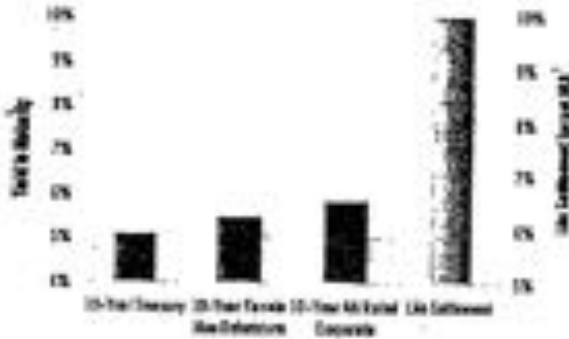
Portfolio and Risk Management

As the portfolio is assembled, risk is monitored and managed on the existing investments. At the same time, selected assets are segregated and set aside in a premium reserve with the aim of maintaining sufficient cash flow to meet ongoing expected premium payments on the portfolio of policies. The investment manager seeks to minimize the premiums paid to an insurance company, while returning the most money back to investors as it flows in, without jeopardizing the premium reserve required to keep un-matured policies in force.

The cost of premiums due on the life settlements is minimized because of a particular feature of universal life policies that allows policyholders to set the premium level to achieve their desired level of cash value accumulation. By obtaining policy illustrations from the insurance company that issues each life settlement, the manager can "reverse engineer" the policy illustration to calculate the projected minimum amount of premium required. The investment manager repeats this process on an annual basis, since cash flows are typically subject to change based on changes in the interest rate environment.

The premium reserve level for each year is estimated by matching the net present value of future premiums to a desired confidence level, with a certain portion assumed to come from future death benefits. As policy benefits come in, the premium reserve is filled to the stated level and the surplus passed back to the investor. The premium reserve is invested principally in high quality, short-term debt.

**Chart 5: Relative to Other U.S. Fixed Income Investments, Life Settlements May Offer Attractive Target IRRs Over a Long-Term Horizon
As of May 31, 2009**



The successful manager will construct a diversified portfolio of life settlements. In particular, these investment opportunities have the potential to capture life insurance policies primarily issued by highly-rated insurance companies. Investments should be diversified across key industry impairment classifications, credit counterparties, and demographic profiles. The developing market for life settlements offers investors the opportunity to allocate capital to a high quality, attractive return asset class that has low historical correlations to traditional equity and fixed income financial markets.

S. Bruce Rosenberg, Franklin Templeton Investments, L.L.C.
 Source: Information on life settlements provided by Johnson Management and Partners, LLC and Archstone Settlements, Inc., and assumes a 10% discount rate.

Important Information

This article offers an analysis and opinion of Franklin Templeton's Fixed Income Group, an affiliate of Franklin Templeton Investment, as of November 2008. Future market and economic conditions are also subject to change; the analysis and opinion provided may change without notice. The analysis and opinion are not to be relied upon as investment advice.

Source information from sources considered reliable, but no representation or warranty is made as to their completeness or accuracy. There is no assurance that the application of this strategy would result in the intended investment being achieved.

Not intended for use by investment consultants and other institutional/professional investors only, and is not directed at private individuals.

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<p>Franklin Templeton Investment Management Limited The Adelphi 1-21 Abchurch Lane London EC4N 3ET</p>	<p>Franklin Templeton Investments Japan Limited Sumitomo Building, 5th Floor (4L) 3-1-1 Honcho, Chuo-ku Tokyo 100-0001</p>
<p>Franklin Templeton Investments (Hong Kong) Limited 22/F, One Finance Centre 8 Des Voeux Road Central Hong Kong</p>	





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Richard Gray - Founder / President / CEO

Mr. Gray has held these positions since company start-up and remains very active in guiding the public presentation of the proprietary re-sale life insurance policy model he helped pioneer. Dick has helped clients make wise money decisions in hard financial times for the past 35 years and has been a licensed insurance agent for over 18 years. Personal participation in the re-sale life insurance policies for his own retirement planning reinforces his credibility when assisting numerous clients in doing the same. After earning an A. B. degree in political science and a Master of Divinity degree - and prior to the start of his business career - Dick proudly completed four years of U.S. Army active duty as a Chaplain, which included 13 months of decorated field duty in Viet Nam.

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Who We Are...

Retirement Value, LLC is served by a group of professionals who are committed to help their clients make wise decisions in hard financial times...

[more](#)

Exclusive Products...

There really are no mysteries about or any complicated marketing ploys with re-sale life insurance policies owned by Retirement Value, LLC...

[more](#)

Start Today...

At Retirement Value, LLC, you will find the most thoroughly transparent re-sale life insurance policy program available...

[more](#)

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Retirement Value
THE WAY TO A BETTER FUTURE

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Wendy Rogers - Vice President, Administration and Services

Mrs. Rogers supervises our Client Services Department while coordinating personally to the development, design and implementation of all marketing and print materials; she also coordinates all computer and communication technology needs. Wendy manages the massive data accumulation operation like ours generates and assures data accuracy, while providing timely online access for licensees and clients alike to all information needed for a satisfying business relationship with us. She combines 10 years of service in the insurance, financial planning, and banking industries with several years of re-sale sales experience. Wendy's B.S. in Agribusiness was earned at Texas A&M University - College Station, and she also has earned 11 Masters of Business Administration.

Who We Are...

Retirement Value, LLC is currently a group of professionals who understand how to help their clients make the most of their retirement funds.

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Exclusive Products...

These highly priced insurance policies are designed to help you secure your financial future with the most competitive rates in the industry.

Start Today...

A successful re-sale LLC can only be achieved through a combination of the right products and a solid business plan.

AGENCY CONTRACTING - RESULTS - FINES AND COMPLIANCE

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Retirement Value
THE WAY TO A BETTER FUTURE

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Bruce Collins - Chief Operating Officer

Mr. Collins brings to this crucial position many years of success and achievement in the general financial services industry, including work as a registered rep, and over five years of directly-retained success in our re-sale / life settlement industry as a Master Licensee and top-level player for our product line with another company. Mr. Collins coordinates all Licensee administration, policy-making decisions, and implementing execution for all "field" activities. He currently holds a Series 62, 6, and 7 licensing. Mr. Collins resides in Grand Prairie, TX, playing him at the financial epicenter of so much of the future growth and success at Retirement Value, LLC.

Who We Are...

Retirement Value, LLC is formed by a group of professionals who understand how to help their clients make their money work for them.

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Exclusive Products...

There really are no expenses about our life settlement re-sale program with our high quality products offered by Retirement Value, LLC.

Start Today...

A Retirement Value, LLC, can assist you in identifying the right life settlement re-sale program for you.

AGENT CONTRACTS / PRODUCTS / TERMS AND CONDITIONS

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Retirement Value
THE WAY TO A BETTER FUTURE

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Katie Hensley – Director of Finance

Mrs. Hensley is the primary point of contact for all Licensee consultants at Retirement Value, LLC. Ongoing administration of all commissions and invoicing of all commission payments to the Electronic Broker is coordinating development of sales hierarchies, placing client funds on the specific policies your Clients select; recommendations and policies to be placed on the bouquet – these are just a few of the duties she performs efficiently and accurately. Katie holds a Bachelor of Business Administration from Texas A&M University-Kingsville.

Who We Are...

Retirement Value, LLC is directed by a group of professionals who understand how to help their clients reach their money objectives in their lifetime.

Exclusive Products...

These funds are an excellent choice to use in your retirement plan. They are available through Retirement Value, LLC.

Start Today...

At Retirement Value, LLC, we will help you determine the right investment strategy for your needs. Contact us today to get started.

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Retirement Value
THE WAY TO A BETTER RETIREMENT

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Jeremy Gray – Director of Policy Administration

Mr. Gray coordinates all policy acquisition and is the point of contact between our policy supplier and Keating, Porter, Keating & Frye, P.C. He also maintains constant communication with all life insurance carriers that have issued policies that Retirement Value currently owns. He continually negotiates premium payments to cover the cost of insurance with these carriers for each policy and includes the premium payments through our Escrow Agent to be paid to the appropriate insurance carriers.

Who We Are...

Retirement Value, LLC is formed by a group of individuals who understand how to help their clients make the most of their retirement assets.

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Exclusive Products...

There really are no secrets about our products. We are proud to offer our clients the best products available from Retirement Value, LLC.

Smart Today...

is Retirement Value, LLC. We are the only company that has been recognized as one of the top 100 private equity firms.

AGENT INFORMATION | CONTACT RETIREMENT VALUE





Retirement Value
THE WAY TO A BETTER FUTURE

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DeAnne Lewis – Manager of Client Services

Mrs. Lewis and her expanding staff "scrub" all in-bound client phone calls sent to us by the Escrow Agent. She coordinates the flow of all applications with the Licensees, Escrow Agent, and the selected Call Center at qualified funds. Mrs. Lewis joined our team with over 8 years of experience in the legal field with the two largest law firms in Texas, both as a Word Processing Supervisor and as a Legal Secretary in Insurance Defense Litigation.

Who We Are...

Retirement Value, LLC is formed by a group of professionals who understand how to help their clients make their money work for them.

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Exclusive Products...

There really are no options about it and the only way to get the best is to get the best. We are proud to be the exclusive provider of Retirement Value, LLC.

Start Today...

At Retirement Value, LLC, you can get the best through independent underwriting and program benefits.

APPLY ONLINE TODAY! PRODUCT, TERMS AND CONDITIONS

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Retirement Value
THE ART OF RETIREMENT

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Re-Sale Life Details

There really are no mysteries about or any complicated moving parts with re-sale life insurance policies owned by Retirement Value, LLC. We buy the death benefit of a life insurance policy at a deep-discount from the full "face amount". This "spread" or leveraging of our funds generates significant gains upon the passing of the insured - in which you participate on a pro-rata basis. This decades-old idea is just that straight-forward. Nothing more, nothing less!

Simply put, for almost twenty years "retail" or individual financial decision-makers have been able to enjoy the same spectacularly high gains previously realized for decades by only the very wealthy or by institutional / "wholesale" players in the secondary market for life insurance. These profit levels from the "spread" in such cases have been realized ever since selling the "death benefit" within a life insurance policy to an assignee was declared "legal" by the U. S. Supreme Court in 1911.

Client-paid benefits in our re-sale life insurance policy program are "irrevocable co-beneficiaries". As an irrevocable co-beneficiary, upon maturity of the policy due to the death of the insured, you receive a pro-rata distribution of the death benefit. All policies in which you participate have been sold by individuals or companies who no longer wanted or needed the policy. The specific amount you receive at maturity is determined by your original participation amount plus your base-line targeted gain.

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Who We Are...

Retirement Value, LLC is formed by a group of professionals who understood how to help their clients make wise money decisions in hard financial times...

[more](#)

Exclusive Products...

There really are no alternatives about or any complicated moving parts with resale life insurance policies owned by Retirement Value, LLC...

[more](#)

Start Today...

At Retirement Value, LLC, you will find the most thoroughly transparent resale life insurance policy program available...

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Retirement Value
YOUR BEST INVESTMENT PARTNER

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Testimonials

Coming Soon

Who We Are...

Retirement Value, LLC is formed by a group of professionals who understand how to help their clients make the money decisions that best benefit them...

[more >](#)

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Exclusive Products...

These deals are an opportunity above all other retirement saving plans with no sales life insurance policies created by Retirement Value, LLC...

[more >](#)

Start Today...

All Retirement Value, LLC, you will find the most thoroughly researched re-sale life insurance policy program available.

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Retirement Value
RE-SALE LIFE INSURANCE

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Become a Licensee

At Retirement Value, LLC, you will find the most thoroughly transparent re-sale life insurance policy program available anywhere. There is no equal!

Whether you are looking to become a participant in our program or are a financial professional looking for a cutting edge product to your clients, Retirement Value is "your key to a secure future".

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Who We Are...

Retirement Value, LLC is led by a group of professionals who understand how to help their clients make wise money decisions in their lifetime.

[more](#)

Exclusive Products...

There really are no mysteries about our very complicated working parts with reliable life insurance policies owned by Retirement Value, LLC...

[more](#)

Start Today...

At Retirement Value, LLC, you will find the most thoroughly transparent real-life insurance policy programs available...

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Retirement Value
FROM 401K TO 401(a)

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Contact Us Today!

By Mail:

Retirement Value, LLC
PO Box 310635
New Braunfels, TX 78131

Physical address:

Retirement Value, LLC
707 North Walnut Avenue
New Braunfels, TX 78130

By Phone:

(830) 624-8658

Main Fax:

(830) 609-5002

Client Services Fax:

(830) 609-6202

By Email:

info@retirementvalue.com

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Hours of Operation:

Monday - Friday
8 a.m. to 5 p.m.

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Who We Are...

Retirement Value, LLC is formed by a group of professionals who understand how to help their clients make wise money decisions in hard financial times...

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Exclusive Products...

There really are no alternatives when it comes to sophisticated working parents with valuable life insurance policies owned by Retirement Value, LLC...

[more](#)

Start Today...

At Retirement Value, LLC, you will find the most thoroughly transparent results life insurance policy program available...

[more](#)

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From: Wendy Rogers <wrogers@retirementvalue.com>
Sent: Monday, December 14, 2009 11:59 AM
To: 'Mike McDermott' <sendmegoodnews@yahoo.com>
Cc: 'mamedermott34@yahoo.com'
Subject: FW: NEW .PDF FORMAT OF ADS
Attach: RETIREMENT VALUE APPROVED TERMS 2009 doc; Reasons[1].doc; RV Marketing Materials Approval Form-fillable.pdf; RV Cold Call Phone Scripts.doc

Here is the full email. Please let me know if you need anything else.

Have a great week!

Wendy Rogers
Vice President, Administration & Services
(830) 624-8858 office
(210) 363-2910 cell

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From: tmoss@retirementvalue.com [mailto:tmoss@retirementvalue.com]
Sent: Wednesday, October 07, 2009 1:11 PM
To: Katie Hershey; Kendall Gray; David Gray
Cc: Dick Gray; Wendy Rogers; Liz Gray
Subject: NEW .PDF FORMAT OF ADS

Can you please send out a mass email to all licensees and members of RV. THANK YOU!!

RETIREMENT VALUE NEW UPDATED AD MATERIALS IN .PDF FORMAT

TO ALL LICENSEES:

I HAVE ATTACHED THE LATEST ADS IN THE .PDF FORMAT & POWERPOINTS FOR USE IN THE FIELD. PLEASE EMAIL ME AT TMOSS@RETIREMENTVALUE.COM WITH ALL ADVERTISING APPROVAL SUBMISSIONS &/OR ANY QUESTIONS. IF YOU NEED HELP WITH PERSONALIZING THE ADS, SEE BELOW. HAVE A GREAT WEEK! WE THANK YOU & APPRECIATE ALL YOUR TIME & EFFORT!



RVR021456

RETIREMENT VALUE, LLC - .PDF FORMAT AD PIECES

<http://www.novanicheprojects.com/ftp/retirement-value/generic-pdfs.zip>

RETIREMENT VALUE, LLC - CLIENT/LICENSEE PRESENTATIONS

<http://www.novanicheprojects.com/ftp/retirement-value/rv-ppt-oct-5.zip>

PLEASE CONTACT AUSTIN@NOVANICHE.COM FOR ANY PERSONALIZATION & GRAPHICS HELP.

NovaNiche.com
Amplify Your Brand!
502 S. Winnetka
Dallas, TX 75208
Austin Terrill
469.877.5336

THANK YOU,
TRACY

DON'T FORGET TO RSVP FOR THE DALLAS MEETING ON OCTOBER 15, 2009 AT
GRAY@RETIREMENTVALUE.COM

WE HOPE TO SEE YOU THERE!
GOOD LUCK!

Tracy E. Moss, LUTCF
Manager of Licensee Development
Retirement Value, LLC
457 Landa St., Suite B
New Braunfels, Texas 78130
T: (830) 624-8858
C: (210) 373-9707
F: (866) 778-9981
tmoss@retirementvalue.com

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Reasons for Retirement Value, LLC

Reasons To Consider Re-Sale Life Insurance Policies From Retirement Value, LLC (RV)

Pre-Purchased Policies Result In Happier Clients: RV provides a ten policy "bouquet" ready for immediate purchase. Clients' money does not languish in a non-interest-bearing account waiting for policies to "become available."

Greater Protection For Clients: All monies are deposited directly with our escrow agents, Keisling, Porter, Keisling, & Free, PC. RV never touches the money. Our escrow agent is a highly-respected law firm that has been in business for 40 plus years. All money is held at Wells Fargo Bank, NA., in business since 1852. All transactions are under continued scrutiny and oversight and all transactions require multiple signatures and approvals.

Premiums are pre-paid into escrow for life expectancy (LE) plus two additional years. All policies offered are from "A-" rated, or higher, US rated reserve life insurance companies.

Lower Minimums: Can participate with as low as \$25,000. \$5,000 per contract.

Proven Track Record: Midwest Medical Review, LLC is a totally independent and objective "out-side" LE forecasting firm. They prepare all LE reports used by our policy source. This total independence and objectivity guards against any potential flaws inherent in relying upon an in-house provider of LEs.

Midwest Medical achieved a remarkable 98.5% LE prediction accuracy for deaths that occur within 12 months past predicted LE, according to their latest audit conducted in August 2008, on 5,000 randomly selected cases.

Compensation: RV's licensees enjoy generous compensation for their efforts.

Improved Cash Flow: Licensees receive compensation quickly because once participants' funds clear the master escrow account; they can be placed immediately on ten pre-purchased policies. Usual turn around time is 10 business days. Compensation to licensee immediately follows.

RV Staff: You are dealing with very competent, friendly, knowledgeable people that are working with you everyday to help the process run as smoothly as possible & to help you obtain your goals.

Advertising/Marketing Materials Approval Form

Section 1 REQUESTER INFORMATION

Requester: _____ Date: _____

Upline Master Licensee: _____

Phone: _____ Fax: _____

Email: _____

Section 2 PURPOSE AND USE

Distribution: Existing Clients Existing Licensees
 Prospective Clients Prospective Licensees
 Other _____

Proposed Date of First Use: _____

States in which Licensee may use material: State(s): _____

Section 3 TYPE OF ADVERTISING/MARKETING

Attach a sample of the advertising/marketing materials or send all attachments via email.

- Direct Mail Solicitation Brochure Fast Fax CD/DVD
- Yellow Page Ad Newsletter Broadcast E-Mails
- Broadcast Media → (City & State _____) Radio / TV
- Print Ad or Column – Provide name of Newspaper, Magazine, Journal, Bulletin, Periodical, etc. _____
- Internet - Website: _____ (Submit screen prints of all site pages and linked sites)
- Powerpoint Presentation for prospective clients
- Powerpoint Presentation for prospective licensees/training for current licensees
- Other _____

Section 4 APPROVALS

Advertising or Marketing Materials are NOT authorized for final distribution without the signature of a Retirement Value, LLC Manager. RV, LLC will retain the original of this Approval Form and a copy of the approved, final draft of the material.

Approved by Manager: _____

Date: _____

Comments: _____



RETIREMENT VALUE APPROVED TERMS 2009

We would like to use terms that are neutral in nature such as:

WE USE:

PARTICIPANT
INVESTMENT ALTERNATIVE
RETIREMENT ALTERNATIVE/VEHICLE
DECADES- OLD IDEA
NEW OPPORTUNITY
NOT DIRECTLY CORRELATED TO THE STOCK MARKET
TREMENDOUS SAFETY
RE-SALE LIFE INSURANCE
TRADITIONAL DOUBLE DIGITS RETURN
ESTIMATED
LICENSEE OF RETIREMENT VALUE
NEW ASSET CLASS
FROM THE BOARD ROOM TABLE TO THE KITCHEN TABLE
INSURANCE BASED
NOT ANY FORM OF ANNUITY

DO NOT USE:

INVESTMENT
INVESTOR
FRACTIONALIZED
LIFE SETTLEMENT
GUARANTEED
INTEREST RATES AS NUMBERS - EX. 16.5%
EXACT
NOT SUBJECT TO MARKET VOLITILITY
NO LOSS

RV Cold Call Phone Scripts

Script #1- Phone is answered....

"I know you get a lot of wholesaler calls, but I've got one of the best new commission generating opportunities to hit the market since the indexed annuity. You can deliver a current 16.5% simple rate of return to your clients; regardless of stock market direction with commissions that will make you forget about selling annuities. I need 20-minutes of your time online to attend a webinar that explains this program. I guarantee this meeting will not be a waste of your time."

Follow-up to this statement would request an agent's e-mail contact to send links and dates for our webinar.

Script #2- Phone is not answered.....

"I know you get a lot of wholesaler calls, but I've got one of the best new commission generating opportunities to hit the market since the indexed annuity. You can deliver a current 16.5% simple rate of return to your clients; regardless of stock market direction with commissions that will make you forget about selling annuities. I need 20-minutes of your time online to attend a webinar that explains this program. I guarantee that this meeting will not be a waste of your time. To register for this webinar go to www.rvclient.com that's www.rvclient.com.

You will want to review www.rvclient.com which is a one page website to capture registration information which generates an e-mail to Paul Brost. We would then send out a link to the webinar.

From: Wendy Rogers <wrogers@retirementvalue.com>
Sent: Thursday, July 30, 2009 7:04 PM
To: 'Donald James' <don.james1@comcast.net>
Subject: RE: Potential Licensee and Complete Packet request
Attach: Complete 07-29 Client Non-Qualified Paperwork-FINAL.pdf; Complete 12-page Handout 06-29-09.pdf; RV Brochure-email version.pdf

Don,

I am sending you the REVISED tri-fold, the OLD 12-page handout (still in the editing stages of the 12-page handout's revision), and the latest version of the Non-qualified paperwork. I'm sending you the auto-fillable form instead of the plain one...

Let me know if there's anything else you need.

Thanks!

Wendy Rogers
Director of Special Services
(903) 824-8838 office
(214) 363-2930 cell

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-----Original Message-----

From: Donald James [mailto:don.james1@comcast.net]
Sent: Thursday, July 30, 2009 3:03 PM
To: Donald James; wrogers@retirementvalue.com
Subject: Potential Licensee and Complete Packet request

Good afternoon Wendy,

I have just finished a call with Dick as a potential licensee here in CA. He's an investment banker who I have dealt with for over 4 yrs and he may have another stream of investment funds to direct towards RV LLC.

On that front, Dick suggested I receive the electronic version of the REVISED Tri-Fold and 12-page brochure plus a complete Non-Qualified Packet. I will forward it to him, follow-up and assist.

Any questions or concerns please ask.

Thank you in advance for your attention to this request.
Cheers,

Donald James
Member
Member Group Int'l LLC
714-223-5501 Mobile
714-296-2803 Office
714-296-2806 Fax
don@kbristaff.com



RVR019612

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RETIREMENT VALUE, LLC



Re-Sale Life Insurance Policies

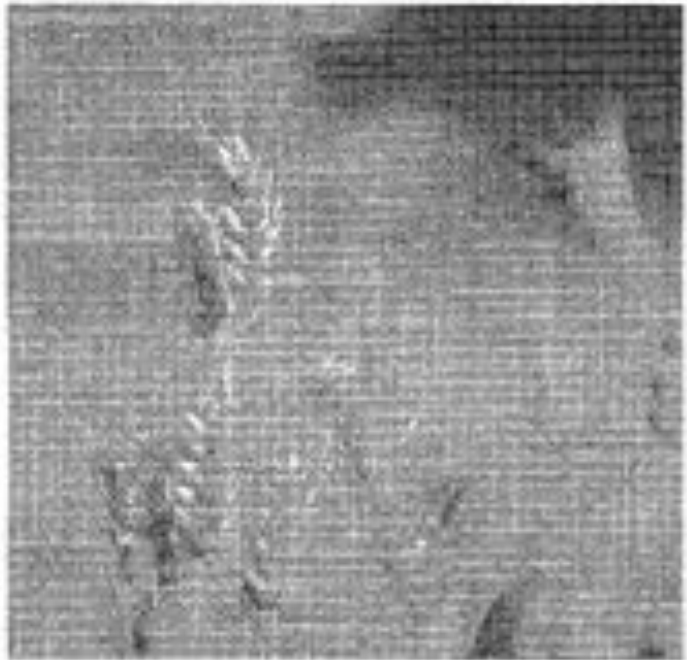
RETIREMENT VALUE, LLC

487 Lewis Street, Suite 100
New Braunfels, TX 78130

PO Box 31087
New Braunfels, TX 78133

Phone: 817-834-8008
1-800-832-9042
Fax: 817-834-4544

www.retirementvalue.com
www.rvllc.com



RETIREMENT VALUE, LLC

Thank you for the privilege of allowing us to share our proprietary re-sale life insurance policy program with you. We believe both prospective Licensees and prospective Client-participants will want to know:

- All Client-participant funds are deposited in escrow accounts at Farmers Fargo Bank, NA with a rich, storied, near-mythic legacy dating back to 1852. Naturally, their agreement to accept our deposits cannot be interpreted as and is not an endorsement of our program.
- All Client-participant funds are managed by Kiesling, Porter, Kiesling & Free, P.C. a 40+ year-old law firm in New Braunfels, Texas, functioning as Escrow Agent. Retirement Value, LLC never "touches" any Client-participant funds at any stage of this program.
- Premium payments will be escrowed to cover Life Expectancy ("LE") plus 24 months. So if an insured has an LE of 60 months, premiums will be escrowed for 84 months – and upon the death of the insured, all un-used premiums will be distributed on a pro-rata basis to all Client-participants in addition to the return of their initial basis plus expected income.
- The fundamental data required in any Life Expectancy Report is thoroughly underwritten by and provided to us through Midwest Medical Review, LLC – an external, independent and totally-objective LE source very highly-regarded among insurance professionals.
- The re-sale policies exhibited by Retirement Value, LLC as immediately available for Client-participant selection are easy that – they are available immediately. Each case in our "bouquet" has been sourced from a private investor who has been buying policies in the life insurance Secondary Market for over 14 years. On average, he and his staff review \$500 million in face amount / death benefit each week to make their selections; then execute formal policy purchase agreements to take ownership of each case; finally re-sell some of those policies to us after completion of their thorough due diligence.
- For potential Licensees reading this summary sheet – our policy source promises us up to \$30 million in face amount each week if needed, thus assuring your ability to meet the demands of even your very largest individual and institutional Client-participants.
- Our high policy purchase volume assures Retirement Value, LLC exceptionally low policy purchase costs – thereby increasing the margin or "spread". We pass through to Client-participants outstanding base-line expected incomes as a result of this lower overhead.

We welcome this special opportunity to introduce you to a true "win-win" program and look forward to the pleasure of serving you. Thank you for allowing us to "visit" with you this way!


Mark Gray
President / CEO
RETIREMENT VALUE, LLC



Re-Sale Life Insurance Policies **An Overview**

There really are no mysteries about or any complicated moving parts with re-sale life insurance policies owned by RETIREMENT VALUE, LLC. We buy the death benefit of a life insurance policy at a deep-discount from the full "face amount". The "spread" or leveraging of our funds generates significant net income upon the passing of the insured - in which you participate on a pro-rata basis. This decades-old idea is just that straight-forward. Nothing more; nothing less!

Simply put, for almost twenty years "retail" or individual financial decision-makers have been able to enjoy the same spectacularly high gains previously realized for decades by only the very wealthy or by institutional / "wholesale" players in the secondary market for life insurance. These profit levels from the "spread" in such cases have been realized ever since selling the "death benefit" within a life insurance policy to an assignee was declared "legal" by the U. S. Supreme Court in 1911.

Client-participants in our re-sale life insurance policy program are "irrevocable co-beneficiaries". As an irrevocable co-beneficiary, upon maturity of the policy due to the death of the insured, you receive a pro-rata distribution of the death benefit. All policies in which you participate have been sold by individuals or companies who no longer wanted or needed the policy. The specific amount you receive at maturity is determined by the percent of your participation in the policy.

Here's the bottom line: In this well-ordered way, you are to get your original participation amount plus the spread, which would be your "spread" income. Your "spread" income could be higher than the original premium to be returned. These payments are made to you by Keating, Porter, Keating & Free, P.C. or Factory Agent - 800-440-4404. You get these payments exclusively (irrevocably) for the use of your participation.

**To learn more about this decades-old idea, please
contact your local Retirement Value, LLC Licensee
or call us at (830) 624-8856 to learn who that person is.**



Re-Sale Life Insurance Policies **Legal Foundation**

One of the questions most frequently asked by someone considering participation in a re-sale life insurance policy is: "is this legal?" Justice Oliver Wendell Holmes, Jr. (b.1841 d.1935) of the U.S. Supreme Court [appointed December 8, 1902, by President Theodore Roosevelt] answered 'Yes' when he penned the majority opinion for GRIGSBY v. RUSSELL, 222 U.S. 149 (1911) December 4, 1911. Holmes stated with clarity on behalf of the entire high bench:

"...It is desirable to give life policies the ordinary characteristics of property; to deny the right to sell...is to diminish appreciably the value of the contract in the owner's hands. It has been decided that a valid policy is not avoided by the cessation of the insurable interest..."

Put in plain, every-day language yes! The cash benefit of a life insurance policy can be sold for a profit like any personal property such as a house; ranch lands; a horse; or a truck.

This is exactly what John C. Burchard of Tennessee did back in 1911. He had a life insurance policy on which he made two payments, was past-due making a third payment; and needed a surgery. He sold his policy to the surgeon for \$100 in exchange for the medical care he needed. When Mr. Burchard died, the life insurance company [upon suit by the widow, Lillian Burchard, and the executor of Mr. Burchard's estate, R. L. Russell] paid the death benefit to a court rather than to Dr. A. H. Grigsby, the new owner, pending resolution of the dispute in court. Dr. Grigsby sued to recover the death benefit he felt was rightfully his since he was the then-owner of the policy; was the re-named beneficiary of the policy; and had been paying the premiums on the policy. Dr. Grigsby won the suit; he was paid the death benefit; and a solid basis was established in case-law for the legal standing of a new "assignee" as the beneficiary of a re-sale policy.

From this Supreme Court decision in December 1911 we can trace the infant beginnings of what today is called the "Secondary Market" in the life insurance industry – which all began with a \$100 transaction. No mention is made of the death benefit amount itself, since the death benefit amount, large or small, was not the legal point of issue in this suit.

For 2018 the re-sale life insurance market was valued at over \$12 billion.

**To learn more about this decades-old idea, please
Contact your local Retirement Value, LLC Licensee
or call us at (830) 624-8858 to learn who that person is.**



Re-Sale Life Insurance Policies **Safe Premium Payments**

Safeguarding and preserving both a Client-participant's basis and expected income in a re-sale life insurance policy are essential components of our program. RETIREMENT VALUE, LLC assures the total safeguarding and preserving of your basis and expected income by using an independent Escrow Agent, Kiesling, Porter, Kiesling & Free, P.C.

Our Escrow Agent as Third-Party Fiduciary

RETIREMENT VALUE, LLC assures the total safeguarding and preserving of your money by using Kiesling, Porter, Kiesling & Free, P.C. in New Braunfels, Texas, a 40+ year-old law firm that functions as Escrow Agent to receive and process all funds for our re-sale life insurance policy cases.

The Escrow Agent also pays all premiums due on all policies and refunds to you on a pro-rata basis any un-used premiums remaining in escrow when the insured passes away.

All monies processed by Kiesling, Porter, Kiesling & Free, P.C. are deposited in escrow accounts held at Wells Fargo Bank, N.A. in New Braunfels, Texas.

At no time do any Client-participant funds come to, pass through, or get handled by anyone at Retirement Value, LLC. Also, participants in our re-sale life insurance policy program receive reports on a regular basis from RETIREMENT VALUE, LLC and the Escrow Agent to verify that the proper premiums have been paid and the policies remain in-force.

To learn more about this decades-old idea, please
contact your local Retirement Value, LLC Licensee
or call us at (830) 624-8858 to learn who that person is.



Re-Sale Life Insurance Policies

"The Spread"

TOP OF "THE SPREAD" = INCOME

All death benefit pay-outs from the re-sale policies are paid only to Klesling, Porter, Klesling & Free, P.C. as beneficiary to protect you.

THE SPREAD

BOTTOM OF "THE SPREAD" = EXPENSES

- Cost of buying the policy
- Ongoing premium payments to maintain the policy
- Application fees for qualified-funds accounts
- Escrow Agent fees and bank costs
- Administrative fees, including commissions

Re-sale life insurance policies have few "moving parts". Client-participants are paid back all of their basis plus their pro-rata portion of "The Spread" or the difference between costs and the final pay-out when an insured dies.

Your funds allow RETIREMENT VALUE, LLC to purchase and to own re-sale life insurance policies that have already been sold to a private investor by the original policy owner(s) or the original insured(s). "The Spread" shows graphically how RETIREMENT VALUE, LLC is able to pay you such a high income on your funds. Pay-back of all costs in a re-sale life insurance program occurs when the insured passes away. All unused premiums held in escrow by Klesling, Porter, Klesling & Free, P.C. are refunded to Client-participants.

To learn more about this decades-old idea, please contact your local Retirement Value, LLC Licensee or call us at (830) 624-8858 to learn who that person is.



Midwest Medical Review, LLC

Life Expectancy Certificate

DATE: 3/25/2009

PATIENT: LNL789-031909-EK

SSN:

D.O.B.: 9/5/1927

AGE: 82

SEX: FEMALE

PRIMARY DIAGNOSIS:

Hypertensive Heart Disease, Hypertension, Dyslipidemia, Overweight, Shortness of Breath, Colon Polyp, Dysphagia, and Osteopenia

SUMMARY OF DIAGNOSES & RISK STRATIFICATION

Subject is an 82 year old, 5' 6" 162 lb Caucasian female found to have ongoing medical diagnoses, which currently do not indicate a life threatening scenario. Her medical history is significant for Hypertensive Heart Disease. Her Cardiac Comorbidities include Age, Postmenopausal Female, Hypertension, Overweight, Shortness of Breath, Dysphagia, and Inflammatory Processes. She has a history of Supraventricular Tachycardia following ablation procedure. She has a history of Sinus Bradycardia with Non-specific ST-T wave changes. Her ECG from 2/08 showed sinus rhythm with occasional supraventricular premature complexes and possible left atrial enlargement. Her Stress Test from 4/05 showed an ejection fraction of 72% and was negative for ischemia. She has a history of being intolerant to statin medication. She has a history of a Colon Polyp, Dysphagia, and Gastroenteritis. She has a history of Osteopenia which responded to therapy. She has a history of a Right Breast Hemangioma. She has a history of Uterine Prolapse with secondary Cystocele and Rectocele. Her Mammogram from 7/07 was with benign findings. Her Pap test from 8/07 was negative for malignancy. She has a history of Shingles. Surgical History includes Partial Vaginal Hysterectomy (7/00), Breast Biopsy with benign findings (6/06), Tonsillectomy, and Colonoscopy S/P Polypectomy. Her Lipid Studies from 7/08 include Cholesterol 224 mg/dl, Triglycerides 101 mg/dl, HDL-Cholesterol 69 mg/dl, LDL-Cholesterol 144 mg/dl, and Cholesterol/HDL-Cholesterol Risk Ratio 3.3. Her Lipid Studies from 6/07 include Cholesterol 258 mg/dl, Triglycerides 120 mg/dl, HDL-Cholesterol 58 mg/dl, LDL-Cholesterol 141 mg/dl, and Cholesterol/HDL-Cholesterol Risk Ratio 4.1. Her Lipid Studies from 7/05 include Cholesterol 271 mg/dl, Triglycerides 100 mg/dl, HDL-Cholesterol 65 mg/dl, LDL-Cholesterol 186 mg/dl, and Cholesterol/HDL-Cholesterol Risk Ratio 4.2. Family History includes Father died age 80 Coronary Artery Disease and Mother died age 80 Coronary Artery Disease. Social History includes Married with 2 children, negative for tobacco and alcohol, and age appropriate exercise. Medications listed include Aspirin, Antibiotics, Crestor, Celebrex, Benicof, Lipitor, Omeprazole, Zocor, Zosin, Toprol XL, and Vitamins/Supplements. Given the Age of the Subject and her Medical Management with Compliance, her projected LE would be **52 Months** on average. This does not mean that Ms. [Name] will not die sooner nor live longer than the time frame indicated. Clearly the factors outlined above have mortality implications.

This Review was compiled solely for [Name] and may not be used by any other company.

[Name] and may not be used by any other company.

Signed:  GLENN S. CHAPMAN, M.D., DIRECTOR OF MEDICAL REVIEWS

Please note: A Life Expectancy cannot be precisely determined for any single patient, but rather is the average life expectancy of a large group of patients with similar clinical and individual profiles. No one can guarantee or warrant the accuracy of any patient's precise life expectancy. The information contained in this profile is privileged and confidential information for the use of the individual or entity named.

RVR019543

RETIREMENT VALUE, LLC
 A BIDDING COPY OF THIS FORM MUST ACCOMPANY APPLICATION

Unofficial copy Travis Co. District Clerk Velva L. Price

PROJECT CODE	PROJECT NAME	ESTIMATED CONTRACT VALUE	ESTIMATED BIDDING PERIOD	ESTIMATED BIDDING PERIOD (MONTHS)	ESTIMATED BIDDING PERIOD (MONTHS)	ESTIMATED BIDDING PERIOD (MONTHS)	ESTIMATED BIDDING PERIOD (MONTHS)	ESTIMATED BIDDING PERIOD (MONTHS)	ESTIMATED BIDDING PERIOD (MONTHS)	ESTIMATED BIDDING PERIOD (MONTHS)	ESTIMATED BIDDING PERIOD (MONTHS)
1	...	\$1,000,000	...	...	...	...	...	...	...	...	...
2	...	\$2,000,000	...	...	...	...	...	...	...	...	...
3	...	\$4,000,000	...	...	...	...	...	...	...	...	...
4	...	\$8,000,000	...	...	...	...	...	...	...	...	...
5	...	\$16,000,000	...	...	...	...	...	...	...	...	...
6	...	\$32,000,000	...	...	...	...	...	...	...	...	...
7	...	\$64,000,000	...	...	...	...	...	...	...	...	...
8	...	\$128,000,000	...	...	...	...	...	...	...	...	...
9	...	\$256,000,000	...	...	...	...	...	...	...	...	...
10	...	\$512,000,000	...	...	...	...	...	...	...	...	...

I / WE elect to place my / our bid for participation in ... project in ... amount for ... months.

I / WE elect to place my / our bid for participation in ... project in ... amount for ... months.

Participant Signature: _____ Date: _____
 Printed name: _____
 Participant Signature: _____ Date: _____
 Printed name: _____

License no. without: _____
 License printed name: _____
 License code #: _____

Signature: _____
 Printed name: _____



Our Management Team

Dick Gray - Founder / President / CEO - Mr. Gray has held these positions since company start-up and remains very active in guiding the public presentation of the proprietary re-sale life insurance policy model he helped pioneer. Dick has helped clients make wise money decisions in hard financial times for the past 35 years and has been a licensed insurance agent for over 18 years. Personal participation in the re-sale life insurance policy model and his own retirement planning reinforces his credibility when assisting numerous clients in doing the same. After earning an A. B. degree in political science and a Master of Divinity degree - and prior to the start of his business career, Dick proudly completed four years of U.S. Army active duty as a Chaplain, which included 13 months of decorated field duty in Viet Nam.

David Gray - Chief Financial Officer - Mr. Gray joined Retirement Value, LLC early in 2009 as Chief Financial Officer to continue on-location in Texas nearly two-years of long-distance contributions to the company. David earned his B.S. in Business Administration and strengthened Retirement Value, LLC's management team with 35 years of international construction industry accountancy and administration-oversight experience. His oversight of all financial transactions, voluminous recordkeeping and ongoing policy service as the fiduciary for Retirement Value, LLC has one focus only - safety of client funds. This requires daily interaction with our Escrow Agent and "real time" monitoring of numerous escrow accounts, deposits and disbursements.

Wendy Rogers - Director of Special Services - Mrs. Rogers supports all our marketing activity while contributing personally to the development, design and implementation of all marketing and print materials; coordinates all computer and information technology needs. Wendy manages the marketing data accumulation operation like ours generates and assures client privacy - while providing timely on-line access. Licensees and clients alike to all information needed for a satisfying business relationship with us. She contributed 13 years of service in the insurance, financial planning, and banking industries with several years of re-sale policy sales experience. Wendy's B.S. in Agribusiness was earned at Texas A&M University - College Station, and she also has earned a Masters of Business Administration.

Liz Gray - Compliance Officer - Mrs. Gray coordinates our state-by-state compliance with current and evolving rules and regulations governing our business activity. This requires Liz to maintain current data on regulatory issues and interface on a day-to-day basis with federal and state regulatory agencies, industry professional associations such as the Life Insurance Settlement Association and our retained regulatory attorneys. Liz is, like all of our key staff members, a personal participant in re-sale policies and has assisted her own clients with this idea since October 2007. She brings to this crucial position over 20 years of experience as a paralegal and special legal assistant, including several years of supporting senior partners at the largest law firm in Washington, D.C.

Tracy Moss - Manager of Licensee Development - Ms. Moss coordinates, conducts and standardizes materials for telephone conference calls, webinars and field training for Licensees as well as oversee regulatory compliance among Licensees at the field level. Tracy performs these tasks from and travel from her current home-base in New Jersey. Tracy serves the needs of Licensees based on over 20 years of experience as an insurance agent and as a sales manager, marketer and trainer within both the carrier and Field Marketing Organization segments of our industry. She earned her B.A. degree in Law & Sociology at Temple University in Philadelphia; received her L.U.T.C.F. designation while at Prudential Insurance Company; and has attended law school at Walden University.

Katie Hensley - Manager of Licensee Services - Mrs. Hensley is the primary point of contact for all Licensee matters at Retirement Value, LLC. Initial Licensing enrollment; ongoing administration of all commissions and authorizing of all commission payments; processing orders for all marketing materials and supplies; coordinating development of sales hierarchies; going to Licensees on compliance issues; ordering and administering all Licensee marketing materials - if it impacts Licensees and their relationship with Retirement Value, LLC Katie is in charge of that activity. Katie holds a Bachelor of Business Administration from Texas A&M University-Kingsville.

DeAnne Lewis - Manager of Client Services - Mrs. Lewis has quickly proved her value to the clients of Retirement Value, LLC and was rapidly promoted to Office Manager from receptionist and then to Manager of Client Services. Her ever-working staff "scrubs" all in-bounded client paperwork sent to us by the Escrow Agent and she coordinates the flow of all communications with the Escrow Agent and with the selected Custodian for all qualified funds. If we were a shipping company instead of a financial wholesaler, DeAnne's title would be "Traffic Manager".

Place
Stamp
Here

Unofficial copy Travis Co. District Clerk Velva L. Price





457 Lauda Street, Suite B, New Braunfels, TX 78130 • Phone: (830) 624-8858 / (214) 833-9060 • Fax: (830) 624-4544 • www.retirementvalue.com

Check List for Non-Qualified Participation

Complete set of documents found online through Retirement Value, LLC:

- _____ 1. Policy Participation Agreement
- _____ 2. Exhibit A
- _____ 3. Participant's Suitability Form (one for each Participant)
- _____ 4. Disclosure Acknowledgment (one for each Participant)
- _____ 5. Limited Power of Attorney (Client for RV, LLC)
- _____ 6. Special Power of Attorney (Client for Life Insurance)
- _____ 7. Form W-9 (please have Participant sign)
- _____ 8. Refer to Current 10-Case House Spreadsheet to verify amount of participation available for Client (download latest spreadsheet from www.retirementvalue.com website)

Items to be included from Client/Participant when completing form:

_____ 9. ~~USPS return address~~ (copy of ~~other possible addresses~~ PHOTO ID (same as driver's license - if current address is different, a letter of explanation is required)

_____ 10. If Participant is a Trust or another entity, copies of at least the declaration page(s) and the signature page(s).

_____ All checks are made payable to "Kiesling, Porter, Kiesling and Free, P.C. - Escrow Account" and in the memo section of the check put FBO and the Participant's name (funds will be deposited at Wells Fargo Bank, N.A.)

Mail ALL paperwork to Kiesling, Porter, Kiesling and Free, P.C.
348 East San Antonio Street,
New Braunfels, TX 78130

(Please fill out all forms ~~correctly~~ and call with any questions - (830) 624-8858)



457 Landa Street, Suite B, New Braunfels, TX 78130 • Phone: (800) 624-8838 (TX) 817-5040 • Fax: (800) 498-8884 • www.retirementvalue.com

POLICY PARTICIPATION AGREEMENT

This Agreement is being entered into by and between:

Participant: _____
(hereinafter referred to in the singular "Participant")

Address: _____
(Street address) (City) (State) (Zip code)

Phone No.: _____ Cell No.: _____ Fax No.: _____

E-mail: _____

SSN: _____ DOB: _____ Marital Status: Single Married
MM/DD/YYYY Divorced Widowed

Joint Participant (if any): _____
(hereinafter referred to in the singular "Participant")

Address: _____
(Street address) (City) (State) (Zip code)

Phone No.: _____ Cell No.: _____ Fax No.: _____

E-mail: _____

SSN: _____ DOB: _____ Marital Status: Single Married
MM/DD/YYYY Divorced Widowed

and Retirement Value, LLC, a Texas limited liability company, whose principal address is 457 Landa Street, Suite B, New Braunfels, Texas 78130 (mailing address: P.O. Box 310635, New Braunfels, Texas 78131) (hereinafter referred to as "Agent").

WHEREAS, Agent is in the business of acquiring sole-ownership in re-sale life insurance policies acquired from various re-sale life insurance policy sources;

WHEREAS, Participant desires to facilitate acquisition by the Agent of one or more re-sale life insurance policies and participate on a pro-rata basis as an irrevocable co-beneficiary;

WHEREAS, Participant approves and adopts the standard(s) used by Agent to evaluate and qualify re-sale life insurance policies for Agent's investment purchase as sole owner of said re-sale life insurance policies;

WHEREAS, both parties understand and agree that the relationship of the Participant to the Agent is to provide funding to facilitate the acquisition of re-sale life insurance policies;

WHEREAS, both parties understand and agree that this model of participation in a re-sale life insurance policy is not considered to be a security and therefore participation in a re-sale life insurance policy is not construed as the sale of a security by the Agent or the purchase of a security by the Participant.

NOW, THEREFORE, both parties wish to enter into a mutual agreement in which the Client will assist the Agent in acquiring, purchasing and becoming sole owner of certain re-sale life insurance policies through participation. The Client's participation is protected through and by an irrevocable co-beneficiary status in one or more re-sale life insurance policies pursuant to the Participant's instructions as set forth in Exhibit A of this Agreement.

I. General Disclosure Statement - Terms of Agreement

1.1 Agreement. You are entering into an Agreement whereby you will become a Participant in a re-sale life insurance policy(ies) of which Agent will be the sole owner and for which the law firm of Kiesling, Porter, Kiesling & Fren, P.C., located at 348 East San Antonio Street, New Braunfels, Texas 78130 (hereinafter referred to as "Escrow Agent"), will become the Escrow Agent. As a Participant in a re-sale life insurance policy you will acquire a safeguarded irrevocable co-beneficiary status in the death benefit based upon your initial participation or basis plus a base-line expected gain paid for the use of your funds during the time outlined in this Agreement. Your participation in a policy will fund the following activities: (a) purchase of a re-sale life insurance policy(ies) by Agent; (b) payment of premiums by the Escrow Agent to maintain at all times the in-force status of the re-sale life insurance policy(ies) after purchase; (c) payment of administrative costs and fees associated with the transaction, including a "death tracking" service, commissions, Escrow Agent and bank fees and interest payments as needed.

1.2 Effective Date. This Agreement shall not be effective until funds are transferred from Participant and received into the Escrow Account maintained by Escrow Agent at Wells Fargo, Bank, N.A., and the Agreement has been approved by Agent on a reasonable and timely basis.

1.3 Insured. The person whose life insurance policy has been sold is called the Insured and this person remains the Insured on a re-sale life insurance policy but no longer is the beneficiary for that policy. The Insured and his / her designated beneficiaries have given up all rights and interests in the re-sale life insurance policy. The Insured typically is of advanced age with a Life Expectancy ("LE") of between 3 and 10 years.

Maturity. Maturity of a policy is when the Insured passes away and written notice has been received by the Agent.

1.5 **Policy Model.** Re-sale life insurance policies are policies that have been sold already in the open market by the original Insured or the original owner, with the Agent as the new policy owner purchasing the death benefit of a life insurance policy at a discount to the "face value" or death benefit of the policy. The resale life insurance policy model developed by Agent is a private transaction in which one investor (Agent) buys policies from another investor (the policy supplier).

1.6 **Policy Election.** You may elect to be the irrevocable co-beneficiary for an entire re-sale life insurance policy, participate in only one policy, or spread your participation over several policies of your choosing. If you participate in one or more policies, understand that the Agent may obtain the balance of the purchase price and other associated costs, fees and expenses from additional participants. When the Insured passes away, you will receive the base-line expected gain for your pro-rata participation on that policy.

1.7 **Policy Replacement.** Understand it is possible that at the time you elect participation in any re-sale life insurance policy it may have been fully subscribed already. In this situation, Agent will notify your Licensee immediately and will, pursuant to the terms of this Agreement, offer a replacement policy of a similar or greater total value based on the policy face amount and the Life Expectancy of the Insured.

1.8 **Net Income.** Understand that no one can predict with 100% accuracy the actual Life Expectancy of the Insured. Some factors that may affect the accuracy of an LE prediction are: (a) the experience and qualification of the medical personnel setting the LE; (b) the nature of the Insured's illness(es) or health condition(s); (c) future improvements in medical treatment(s) and cures. In this context, your net earnings may vary substantially from the base-line expected gain because true net earnings will be higher if the Insured passes away earlier than the expected LE or it will be lower if the Insured passes away later than the expected LE. If the Insured passes away earlier than expected, you also will receive a pro-rata refund of your portion of the premium escrow amounts which were not used to pay premiums.

1.9 **Tax Consequences.** This transaction may have tax consequences for you. You are agreeing to participate with a sum of money upon which Agent will pay a base-line expected gain in accordance with this Agreement. The net earnings you receive will, in most cases, if not all, be considered a taxable gain to you. You will need to consult with your tax advisor regarding this transaction so that you completely understand the tax implications of the transaction.

1.10 **Non-Liquid Assets** used for participation are not liquid during the entire term outlined in the Policy Participation Agreement. Therefore, great care should be exercised and great caution observed in determining a proper, balanced participation amount for use in this re-sale life insurance policy transaction.

1.11 **Participant's Demise.** Please note, especially, that if the Participant passes away during the term of this Agreement, alternate or contingent beneficiaries will inherit or acquire this Agreement. However, said Agreement must remain in force until maturity due either to: (a) the passing of the Insured or (b) pay-out by the insurer. The policy does not become a "cash disbursement" in the hands of any Participant or heir(s) until maturity occurs. The death of the Insured - not the death of the Participant - determines the maturity date of this transaction.

1.12 Full Disbursement. Whenever maturity occurs due to the passing of the Insured, even if the Insured's passing is prior to the expiration of the calculated LE, Participant will receive a full and disbursement of their original participation plus expected gains for the full term of this Agreement and will not be paid only a pro-rated partial return. Example: if the entire term of the policy is 48 months and the policy matures after 12 months due to the death of the Insured, the full 48-month expected gain will be paid to the Participant, as well as a pro-rata share of any unused premiums remaining in the escrow sub-account for that policy.

1.13 Premium Escrow Sub-account. In the event that the Insured lives beyond the Life Expectancy period plus twenty-four (24) months and the premium escrow sub-account has been depleted, then upon the depletion of said premium escrow sub-account, Participant will be contacted and requested, on a pro-rata share basis, to pay future premiums until the Insured passes away. If a contingent co-beneficiary(ies) has inherited the policy(ies) upon the passing of the Participant, the contingent co-beneficiary(ies) will be contacted and it will be the responsibility of the contingent co-beneficiary(ies) to pay future premiums in accordance with this policy. Failure of Participant to make premium payments into the premium escrow sub-account under these circumstances will result in total forfeiture of all their participation in this policy and will result in the loss of both the original basis amount and all base-line expected gain. In the event this occurs, Agent will then have the license to offer Participant's pro-rata portion in the policy to another person for payment of the necessary premium contribution amount. Participant also acknowledges Retirement Value, LLC or its Licensee provided very specific dollar amounts to illustrate this potential future risk.

Participant Participant

II. Affirmative Representations of Agent

2.1 The Agent is a viable company whose business activities include the purchase of re-sale life insurance policies. Agent has no prior knowledge of your investment experience or your financial wherewithal to fund this transaction. Your decision to enter into this transaction will be based on your own independent investigation, but Agent takes the following specific steps to safeguard the monies you advance for this transaction:

- (a) Only insurance carriers rated "A-" or better by A.M. Best are used for re-sale life insurance policies;
- (b) All funds are maintained in or pass through the Escrow Agent and are deposited in a cash or cash equivalent account with Wells Fargo, N.A., 1000 North Walnut Street, New Braunfels, Texas 78130 (hereinafter the "Escrow Account") in an FDIC-Insured account, to be used for the purpose of purchasing the re-sale life insurance policy and the payment of premiums and other necessary payments peculiar to the Agent taking ownership of a policy. Notwithstanding, re-sale life insurance policies are not endorsed by any bank; outcomes are not guaranteed by any bank; and, this is not an FDIC-insured financial transaction;
- (c) Funds used to purchase any re-sale life insurance policy noted in this Agreement are transferred to and exclusively handled by Pacific Northwest Title Company of Oregon, 111 Southwest Columbia Avenue, Suite 200, Portland, Oregon 97201;

- (d) Monies accumulated for paying all premiums due for each of the re-sale life insurance policies are maintained in an escrow sub-account at Wells Fargo Bank, N.A. and administered by the Escrow Agent;
- (e) Interest from all Escrow Accounts will be the property of the Agent, being part of the Agent's fee structure and will not be owned by or distributed to Participant, and
- (f) Agent or its Escrow Agent will not in any way use Participant's participation money in any manner whatsoever other than what is directed by the Participant in this Agreement.

2.2 During the Term of this Agreement, Agent shall:

- (a) provide to Participant all documentation pertinent to the Participant's co-beneficiary interest in the policy;
- (b) provide a copy of this Agreement to the designated Escrow Agent; and
- (c) create and maintain accurate records on Participant that pertain to the participation in the policy and from time to time, as appropriate, provide reports to Participant.

2.3 No Additional Duties. Except as set forth in paragraph 2.2, Agent shall have no other duties or obligations to Participant other than to use reasonable efforts to assist Participant if requested.

2.4 Right to Grant Additional Interest. Agent may grant to additional Participants an interest in the policy, provided that Agent will not allow the combined interest to exceed the face amount or death benefit of the policy.

III. Affirmative Representations, Rights & Obligations of Participant

3.1 Participant hereby confirms that he / she has read and understands the above. Participant further hereby confirms that _____ (Licensee) has explained fully a re-sale life insurance policy transaction together with all associated risks.

3.2 Free Will. Participant acknowledges that he / she has carefully examined his / her financial resources, investment objectives, and tolerance for risk and that after considering the benefits and risks associated with this transaction, Participant freely elected to enter into this transaction with Agent.

3.3 Due Diligence. Participant represents and warrants that Participant is sufficiently sophisticated in financial matters of this type to make an independent, informed, wise and balanced decision to participate in a re-sale life insurance policy and that this matter was thoroughly reviewed with his / her Retirement Value, LLC Licensee and Participant has had the opportunity to obtain such additional information necessary to verify the accuracy of the information contained herein and satisfy his / her due diligence efforts on this transaction in order for him / her to evaluate the merits and risks of this Agreement. Participant further represents and warrants that Participant has access to professional investment advice, has adequate means of providing for current and future financial needs and possible contingencies.

has no need for liquidity for these funds, is able to bear the risk of an interest in a policy(ies) for an indeterminate period of time, could afford a complete loss of this participation and is committing to a participation which bears a reasonable relationship to Participant's total net worth.

Participant

Participant

CONFIDENTIAL

3.4 Confidentiality. Participant will maintain the confidentiality of all medical and insurance information received in connection with participation on a policy(ies) and the Agent's purchase of the re-sale life insurance policy(ies) at issue in this transaction.

3.5 No Contact With Insured. Participant agrees not to contact the insured, third-party named in the policy, and acknowledges that, under Texas law, only Agent (if Agent is a 'provider'), or the Agent's designee, can contact Insured to determine health status.

3.6 Buy and Hold. Participant understands and agrees that this Agreement is of a "buy and hold" nature; that there is no offer made or any offer implied of liquidity during the entire period of Agreement; that Agent offers no buy-back guarantee; that the Participant understands that even upon his / her death, a contingent beneficiary(ies) "inherit(s)" this Agreement but must wait for its full maturity before realizing any "cash distribution" from the re-sale life insurance policy program.

3.7 Waiver of Right to Disclosure. Participant waives any right of disclosure that Participant may possess from Agent relating to Agent's fees paid to its policy supplier, any broker, attorney, and / or necessary service company(ies), accountant(s) or consultant(s) in the acquisition of the policy.

3.8 Ownership Status. Participant represents and warrants that he / she will retain sole ownership in the pro-rata status in the policy that he / she is selecting and that Participant will not sell, assign or distribute his / her portion of said policies to any other person or entity.

3.9 Reliance on Agent or Licensees. Participant represents and warrants that he / she has not relied on Agent exclusively for financial, tax or investment advice whether expressly stated, inferred or assumed, any statements, representations or warranties, whether verbal or in writing, made by Agent, its Licensees or employees, with respect to his / her decision to enter into this transaction. For example, if Participant resides in a community property state, the special, legal, and tax requirements of that state must be fully met with the assistance of their own advisors.

3.10 No Guaranty. Agent has not provided or guaranteed any of the following: (i) a specific return on investment, (ii) a specific amount to be paid to Participant, (iii) a "buy back" guarantee, or (iv) a specific date of Maturity.

3.11 Accuracy. Participant further represents that the information contained herein is true, complete and accurate and may be relied on by Agent in entering into the transaction described herein.

IV. Miscellaneous

4.1 Venue. Venue for any lawsuit arising out of this Agreement shall be in Comal County, Texas and, in the case of federal jurisdiction, in the United States District Court for the Western District of Texas, San Antonio Division.

4.2 Amendment. The terms and conditions of this Agreement may only be amended by a writing signed by the Parties.

4.3 No Waiver. Except as expressly provided herein, the rights and remedies herein provided shall be cumulative and not exclusive of any other rights or remedies provided by law or otherwise. Failure by a Party to detect, protest, or remedy any breach of this Agreement shall not constitute a waiver or impairment of any such term or condition, or the right of such Party at any time to avail itself of such remedies as it may have for any breach or breaches of such term or condition. A waiver may only occur pursuant to the express written permission of an authorized officer of the Party against whom the waiver is asserted.

4.4 Severability. In the event any term, condition, or provision of this Agreement is declared or found by a court of competent jurisdiction to be illegal, unenforceable, or void, the Parties shall endeavor in good faith to agree to amendments that will preserve, as far as possible, the intentions expressed in this Agreement. If the Parties fail to agree on such amendments, such invalid term, condition, or provision shall be severed from the remaining terms, conditions, and provisions, which shall continue to be valid and enforceable to the fullest extent permitted by law.

4.5 Assignment. Except as otherwise provided herein, neither this Agreement nor any rights granted hereunder may be assigned or otherwise transferred by any Party, in whole or in part, whether voluntarily or by operation of law. Subject to the foregoing, this Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

4.6 Notices. Any notice required or permitted under this Agreement or required by law must be in writing and must be (i) delivered in person, (ii) sent by registered or certified mail, postage prepaid, or (iii) sent by facsimile, and addressed as follows:

To Participant:

At the address for Participant as specified on page 1 of this Agreement.

To Agent:

Retirement Value, LLC
457 Landa Street, Suite B
New Braunfels, Texas 78130
Fax: (866) 498-4644

Mailing Address:

Retirement Value, LLC
P.O. Box 310635
New Braunfels, Texas 78131

Either Party may amend its address by written notice to the other Party in accordance with this section. Notices will be deemed to have been given at the time of actual receipt.

Entire Agreement. This Agreement sets forth the entire agreement and understanding between the Parties and supersedes and cancels, revokes, and rescinds all previous negotiations, agreements, and commitments, whether oral or in writing, with respect to the subject matter described herein, and neither party shall be bound by any term, clause, provision, or condition save

as expressly provided in this Agreement or as duly set forth in writing as a subsequent amendment to this Agreement, signed by duly authorized officers of each Party.

Mutual Agreement

The Parties agree that this transaction will be construed under the laws of the State of Texas, without regard to choice-of-law rules of any jurisdiction. Participant(s) and Agent agree that all claims, disputes, controversies, differences or other matters in question arising out of the relationship between Participant and Agent (and its officers, directors, agents and / or employees), related to this Agreement, or otherwise, shall be settled finally, completely and conclusively by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, by one or more arbitrators, chosen in accordance with the Rules. The decision of the arbitrator(s) shall be final and binding on all parties. Any arbitration held in accordance with this paragraph shall be private and confidential. On request of either party, the record of the proceeding shall be sealed and may not be disclosed except insofar, and only insofar, as may be necessary to enforce the award of the arbitrator(s). The prevailing party shall be entitled to recover all reasonable and necessary attorney's fees and costs from the non-prevailing party.

EXECUTED this _____ day of _____, 2009

Participant

Participant

Signature _____

Signature _____

Print Participant's Name (Print) _____

Print Participant's Name (Print) _____

RETIREMENT VALUE, LLC
a Texas limited liability company

By: _____
Member

Dated: _____



Unofficial copy Travis Co. District Clerk Veyal. Price

EXHIBIT A

Participant Name _____ Date _____
 Joint Participant Name _____ Date _____

Irrevocable Co-Beneficial Status to Protect Participation Funds

Participant desires to assist Agent to acquire, purchase and become sole owner of certain re-side life insurance policies; will participate using Dollars (US\$) _____ and agrees to participate with said funds to cover all costs associated with the following re-side life insurance policies to be owned by Agent:

EX. LLC Policy Code	Policy Face \$	Insured	CLIENT PARTICIPATION	Rate	Term	Expected Gain	VALUE AT MATURITY
LNL177-031909-AC	\$1,500,000	Lincoln National	\$0.00	16.5%	12	\$0.00	\$0.00
AOL73L-031909-BC	\$3,000,000	American General	\$0.00	16.5%	12	\$0.00	\$0.00
AAAB04-031909-DM	\$4,500,000	AAA Equitable	\$0.00	16.5%	12	\$0.00	\$0.00
AGL68L-071509-LB	\$750,000	American General	\$0.00	16.5%	12	\$0.00	\$0.00
TRU281-071509-RJ	\$1,500,000	Transamerica	\$0.00	16.5%	12	\$0.00	\$0.00
ING0091-071509-AG	\$5,000,000	ING Life	\$0.00	16.5%	12	\$0.00	\$0.00
LNL591-031909-DH	\$1,000,000	Lincoln National	\$0.00	16.5%	12	\$0.00	\$0.00
AN0502-031909-AD	\$5,000,000	American National	\$0.00	16.5%	12	\$0.00	\$0.00
ING0283-031909-AJ	\$2,000,000	ING Life	\$0.00	16.5%	12	\$0.00	\$0.00
OML446-031909-RL	\$2,000,000	Old Mutual Life	\$0.00	16.5%	12	\$0.00	\$0.00

Participant hereby certifies that the above information is true and correct. Please INITIAL to the left of your participation in the box below.

We elect to place my/our total \$ _____ participation in **EQUAL PORTIONS** among all ten (10) policies listed set forth hereon.
 We elect to place my/our total \$ _____ participation in **SELECTED AMOUNTS** noted in the Exhibit above.

Equal Portion Value: If I/We have elected Equal Portion Allocation, I/We hereby certify that I/We understand that the policies listed hereon are subject to the pro-rata distribution of the total face amount of the policies listed hereon. If any of the policies listed hereon are subject to a partial withdrawal, the withdrawal will be applied to the policy of comparable or highest rated value.

INITIAL HERE



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CONTINGENCY CO-BENEFICIARY DECLARATION FORM

NOTE: In the event of the death of the Participant and an irrevocable contingent co-beneficiary is notified by the Agent of their co-beneficiary status in a re-sale life insurance policy, said contingent co-beneficiary will produce to Agent a copy of a government issued ID, i.e., driver's license, passport, as well as Form W-9 or Form W-8BEN. No payout of proceeds from a matured policy will be given to any contingent co-beneficiary without proper identification on file with the Agent.

Name:	_____	Percentage of Ownership:	0%
Address:	_____		
City, State, Zip Code:	_____		
SSN:	DOB:	E-mail Address:	_____
Relation to Participant:	If Trust - date of Trust: _____		

Name:	_____	Percentage of Ownership:	0%
Address:	_____		
City, State, Zip Code:	_____		
SSN:	DOB:	E-mail Address:	_____
Relation to Participant:	If Trust - date of Trust: _____		

Name:	_____	Percentage of Ownership:	0%
Address:	_____		
City, State, Zip Code:	_____		
SSN:	DOB:	E-mail Address:	_____
Relation to Participant:	If Trust - date of Trust: _____		

Name:	_____	Percentage of Ownership:	0%
Address:	_____		
City, State, Zip Code:	_____		
SSN:	DOB:	E-mail Address:	_____
Relation to Participant:	If Trust - date of Trust: _____		



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The selected Irrevocable Contingent Co-Beneficiary(ies) will receive payouts at the percentage designated on ALL POLICIES SELECTED unless Participant otherwise notes. Please submit an additional copy of this form IF there will be different Irrevocable Contingent Co-Beneficiaries designated for other policies.

Participant must designate one of the following:

- If a Contingent Co-Beneficiary has died before the maturity of this policy, the estate of the Contingent Co-Beneficiary will receive the proceeds from the matured policy; or
- If a Contingent Co-Beneficiary has died before the maturity of this policy, that Contingent Co-Beneficiary's percentage of proceeds in the matured policy will be evenly distributed between or among the remaining Contingent Co-Beneficiary(ies).

As Participant in this re-sale life insurance policy, by my demise I do hereby designate the above-named Contingent Beneficiary(ies) as holding an irrevocable contingent Co-Beneficial interest in the policies listed above, and I do hereby transfer and assign irrevocably all right, title and interest in said policy to such Contingent Co-Beneficiary(ies). This designation will become effective only if the Agent is notified of Participant's death and a certified death certificate is provided to agent.

Participant:

 Print Name: _____
 Dated: _____

Joint Participant:

 Print Name: _____
 Dated: _____

RETIREMENT VALUE, LLC
a Texas limited liability company

By: _____ Dated: _____
Member

RETIREMENT VALUE, LLC

417 Leach Street, Suite 11, New Haven, CT 06510 • Phone: (833) 624-8818 / (203) 832-0661 • Fax: (860) 498-6616 • www.retirementvalue.com

PARTICIPANT SUITABILITY FORM – ONE FOR EACH PARTICIPANT*

Client-Participant information:

Name: _____
(Individual Name / Trust / Company)

If Trust – date of Trust: _____

Spouse's Name: _____

I am of sound mind and am able to determine on my own that participating in this program is a correct use of a portion of my net worth. I can afford to participate in this program knowing that my participation is illiquid for an indeterminate period of time. I feel that I have sufficient knowledge and experience in business and financial matters to determine whether or not this is a good use of a portion of my funds.

PROVIDING FINANCIAL ADVICE TO CLIENTS THAT EXCEEDS \$5,000 PER YEAR

Investing Experience:

- _____ I have the experience to analyze and determine whether participation in certain investments is suitable or not.
- _____ If I feel it necessary, I will consult with a financial advisor before making any decisions.
- _____ I have in the past or presently am invested in stocks, bonds, and / or mutual funds traded on a national security exchange.
- _____ I have in the past or presently am invested in commodities or future contracts.
- _____ I have participated in other re-sale life insurance policies.
- _____ I have a relationship with partners or companies that invest in real estate.
- _____ I have other types of investments other than above.

Total Annual Income	<input type="checkbox"/> \$50,000-\$150,000	<input type="checkbox"/> \$150,000-\$250,000	<input type="checkbox"/> \$250,000+
Household Income	<input type="checkbox"/> \$50,000-\$150,000	<input type="checkbox"/> \$150,000-\$250,000	<input type="checkbox"/> \$250,000+
Approximate Net Worth <small>(including primary residence)</small>	<input type="checkbox"/> \$50,000-\$150,000	<input type="checkbox"/> \$150,000-\$250,000	<input type="checkbox"/> \$250,000+

This section must be completed ONLY if the ADVISOR listed below is Retirement Value, LLC or its associate(s) related with this application:

- I have a professional advisor who is not affiliated with Retirement Value, LLC in any way and who has sufficient knowledge in business and financial matters to advise me in connection with my participation in this product and to determine that this is a viable option for a portion of my money.

Professional Advisor: _____

Address: _____

Telephone No.: _____

Title: _____

This section must be completed ONLY if Participant is TRUST:

As the Trustee of a Trust, the Trust is interested in participating in the re-sale life insurance policies offered by Retirement Value, LLC and in receiving a pro-rata irrevocable co-beneficiary share of the death benefit of one or more of the policies for the Trust. I represent the following (please check any and all statements that pertain to you):

- I represent and warrant that I have full authority to enter into any agreement on behalf of the Trust. I am able to determine that participating in this program is a correct use of a portion of the net worth of the Trust. The Trust can afford to participate in this program knowing that the participation is illiquid for an indeterminate period of time. I feel that I have sufficient knowledge and experience in business and financial matters to determine whether or not this is a good use of a portion of the Trust's funds.

- The Trust has a professional advisor who is not affiliated with Retirement Value, LLC in any way and who has sufficient knowledge in business and financial matters to advise me in connection with the Trust's participation in this product and to determine that this is a viable financial option for the Trust.

Professional Advisor: _____

Address: _____

Telephone No.: _____

Title: _____

REPRESENTATIONS AND WARRANTIES

I represent that I have carefully read and examined the Policy Participation Agreement and determined that participation in one or more re-sale life insurance policies is appropriate and suitable for me. I understand the risks involved as explained by our Licensee. Understanding that participation in a re-sale life insurance policy is not liquid, I have adequate means to provide for day-to-day financial needs and would be able to meet financial obligations without the monetary participation. I represent that I can bear the financial risk for an indefinite period of time. I represent and warrant that I have read this Suitability Form and represent and warrant that the information contained in it is true, correct and accurate and may be relied on by Retirement Vets, LLC.

SIGN HERE

Participant _____

Date _____

*Joint Participant (only if Spouse of above Participant) _____

Date _____

Unofficial copy Travis Co. District Clerk Verna L. Price



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DISCLOSURE ACKNOWLEDGMENT

Please read carefully before initiating.

1. I have received and reviewed a Suitability Form and the Policy Participation Agreement describing the nature and risks associated with the participation in a re-sale life insurance policy.
2. I understand the undersigned financial consultant* (if such is signing) is my financial consultant, and is not an agent, employee, or representative of Retirement Value, LLC ("Retirement Value"). I further understand that any representations, advice, opinions or recommendations made by the undersigned financial consultant are his / hers alone and not the representations, advice, opinions or recommendations of Retirement Value, LLC.
3. I understand that any projected base-line expected gain from this transaction is calculated based on an estimated life expectancy for the person insured under the policy; that the actual earnings may vary substantially from the base-line expected gain because the actual life of the insured almost certainly will be less than or greater than rather than exactly equal to the estimated life expectancy; the net actual earnings will be higher if the insured passes away earlier than the life expectancy and lower if the insured passes away later than the life expectancy - due to the pro-rata refund of un-used premiums or having had to pay a pro-rata share of premiums due.
4. I understand that the insured in whose life insurance policy I am participating may outlive me, particularly if I am of advanced age.
5. I have been advised to consult my own tax advisor regarding the tax consequences of participating in a re-sale life insurance policy.
6. I understand and have been advised that I have the right to rescind or cancel my participation in any re-sale life insurance policy for ten (10) calendar days even after Retirement Value, LLC has received and accepted my application for participation and that if I elect to rescind my participation to receive a full refund of all initial participation funds without penalty or fee of any kind.

7. / / I understand that re-sale life insurance policies are illiquid, that I will not have access to the funds used to participate in the re-sale life insurance policies until the policies mature due to the death of the insured, and that no one can determine with exact certainty when any policy will mature. Accordingly, I have determined that I have sufficient liquid assets or other income to provide for daily and emergency needs and thus can bear the risk of participating in these re-sale life insurance policies without having access to these funds for an indeterminate period of time.

8. / / All of my questions concerning the re-sale life insurance policies I am considering have been answered. I understand the risk involved and have decided to participate with the understanding that any earnings on these policies will be realized by my estate, heirs or devisees should I pass away before the insured.

EXECUTED the day of 2009.

PARTICIPANT

PARTICIPANT

Signature

Signature

FINANCIAL CONSULTANT*

Signature

* NOT a Retirement Value, LLC Licensee.



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LIMITED POWER OF ATTORNEY
RETIREMENT VALUE, LLC / CLIENT-PARTICIPANT
LLC OR OTHER ENTITY OR INDIVIDUAL OR ENTITY

This Power of Attorney is made by and between _____
(hereinafter referred to as "Participant") and Retirement Value, LLC (hereinafter referred to as
"Agent" or "Attorney-in-fact") appointing Retirement Value, LLC Participant's true and lawful
Agent and Attorney-in-fact for transacting Participant's acquisition of an irrevocable co-beneficiary
status in a re-sale life insurance policy(ies).

My Attorney-in-fact is hereby authorized to act for me in my name, place and stead, and for
my use and benefit, and to do, execute, or to concur with persons jointly interested with myself therein
in the doing or executing of all or any of the acts, deeds and things set forth below as if same were
my acts and deeds. My Attorney-in-fact shall have the following powers:

1. A. Enter into any and all contracts, agreements or documents necessary to facilitate
the purchase by the Agent of a re-sale life insurance policy or policies or certificate(s) if a group
policy in which I shall acquire an irrevocable co-beneficiary status through a Policy Participation
Agreement executed by me.

B. Complete, record and file any document(s) necessary for the transfer of ownership
with the insurance carrier and/or irrevocable assignment of co-beneficiary status with the Escrow
Agent of the purchased re-sale life insurance policy or certificate(s) if a group policy through a Policy
Participation Agreement executed by me.

C. Concerning the disbursement of funds by the Escrow Agent, instruct and direct
Escrow Agent in the funding or purchase of a policy or policies, payment of premiums to maintain
said policy or policies in an in-force status, payment of any and all administrative, bank and escrow
fees, including commissions, that are associated with the purchase of a re-sale life insurance policy or
certificate(s) if a group policy in which I shall acquire an irrevocable co-beneficiary status
through a Policy Participation Agreement executed by me.

D. Do any and all other actions that may be necessary to facilitate the acquisition of a policy or policies designated by a Policy Participation Agreement executed by me.

E. Notify Participant of any additional premium monies needed if it becomes necessary for the Participant to contribute additional funds to keep the re-sale life insurance policy designated by a Policy Participation Agreement executed by me in-force.

F. Upon the death of any insured, obtain the death certificate and instruct the Escrow Agent as to the disbursement of the death benefit to the Participant or the Participant's designee.

G. If for whatever reason Escrow Agent resigns or terminates his contract with Agent, Agent can appoint another escrow agent to take its place and Agent can transfer all funds and related records to the successor escrow agent and the successor escrow agent shall then assume all duties and obligations of the Escrow Agent. The Escrow Agent shall have no liability for the successor escrow agent.

2. This Power of Attorney is for the sole purpose of designating Agent as the Participant's Attorney-in-fact for the purpose of purchasing a re-sale life insurance policy(ies) to be owned by the Agent, to facilitate the acquisition and maintaining of an irrevocable co-beneficiary standing by the Participant through the Escrow Agent with regard to said policy or policy(ies), and shall convey no other authority.

3. This Power of Attorney DOES NOT give license to Attorney-in-fact to change in any way the designation of the Participant's irrevocable co-beneficiary(ies) for any re-sale life insurance policy designated by a Policy Participation Agreement executed by me.

4. This Power of Attorney DOES NOT give Agent authority to take any action to deny or deprive Participant of Participant's irrevocable co-beneficiary status in any policy or policies without specific instructions from Participant.

5. This Power of Attorney DOES NOT give Attorney-in-fact authority to disburse Participant's funds for any purpose not specifically delineated within this Power of Attorney.

6. This Power of Attorney may be terminated at any time by either party with written notice to the other.

7. This Power of Attorney represents the entire and sole agreement between the Parties herein and all provisions to be enforced as provided herein. No other representations, agreements or covenants, whether written or oral, shall govern this relationship.

RETIREMENT VALUE, LLC Participant
a Texas limited liability company

SIGN HERE

By: _____
Member

Signature _____

Dated: _____

Print Name _____

Dated: _____

Unofficial copy Travis Co. District Clerk Velva L. Price



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SPECIAL POWER OF ATTORNEY
LICENSEE / CLIENT-PARTICIPANT
(Form RVP019534)

The undersigned ("Client-participant") hereby appoints _____ ("Licensee") as its Agent and Attorney-in-fact to review, evaluate, and carry out Retirement Value, LLC ("Retirement Value") as to Client-participant's participation in a re-sale life insurance policy on the Client-participant's behalf. In all such participation, Retirement Value, LLC is authorized to follow the instructions of Client-participant's Agent in every respect concerning the Client-participant, and is authorized to act for the Client-participant and in the Client-participant's behalf in the same manner and with the same force and effect as Client-participant might or could with respect to any such participation, as well as with respect to all other things necessary or incidental to the furtherance or conduct of such participation or the maintenance or protection of any interest in any re-sale life insurance policy which Client-participant selects.

Client-participant hereby acknowledges that Retirement Value, LLC will rely on this authorization in taking instruction and direction from Client-participant's Agent on behalf of the Client-participant. Client-participant agrees to indemnify and hold Retirement Value, LLC harmless from any and all claims or damages whatsoever arising out of compliance with instructions or directions issued by Client-participant's Agent pursuant to Agent's authorization.

Retirement Value, LLC does not by implication or otherwise endorse the operational methods of Agent. Client-participant further understands that Retirement Value, LLC relies on the direction and instruction of Client-participant as to the selection and amount of any re-sale life insurance policy interest participated in and that, by granting this power to Client-participant's Agent to exercise Client-participant's rights of discretion and instruction to Retirement Value, LLC, Client-participant does so at its own risk.

Client-participant hereby ratifies and confirms any and all transactions with Retirement Value, LLC heretofore and hereafter made by Client-participant's Agent on behalf of the Client-participant.

This authorization and indemnity is in addition to (and in no way limits or restricts) any rights which Retirement Value, LLC may have under any other agreement or agreements between the Client-participant and Retirement Value, LLC. This authorization and indemnity is continuing and shall remain in full force and effect until revoked by the Client-participant via written notice addressed to and received by Retirement Value, LLC at 457 Linda Street, Suite B, New Braunfels, Texas 78130 (mailing address: P.O. Box 310635, New Braunfels, Texas 78131-0635). Any such revocation shall not affect any liability in any way resulting from transactions initiated prior to such revocation.

This authorization and indemnity shall issue to the benefit of Retirement Value, LLC and any successors or assigns.

Client-participant understands fully the obligations which Client-participant has assumed by executing this Power of Attorney. Client-participant understands that Client-participant's Agent is not an agent, employee, partner or affiliate of Retirement Value, LLC and that Retirement Value, LLC is in no way responsible for any loss or damages occasioned by the actions or advice of the individual or organization named above.

Licensee

Signature: _____

Print Name: _____

Dated: _____

Client-Participant

Signature: _____

Print Name: _____

Dated: _____



Unofficial copy Travis Co. District Clerk Velva L. Price

**Request for Taxpayer
 Identification Number and Certification**

Give form to the
 requester. Do not
 send to the IRS.

Name (as shown on your income tax return)

Business name, if different from above

Check appropriate box: Individual/Sole proprietor Corporation Partnership
 Limited liability company (LLC). Enter tax classification: disregarded entity, C-corporation, Partnership Trust Estate

Other (see instructions) ▶

Address (number, street, and apt. or suite no.)

City, state, and ZIP code

List account number(s) here (optional)

Requester's name or address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 and backup withholding. For individuals, this is your social security number (SSN). However, for a trust, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see Line 10 on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number

OR

Employer identification number

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.
- I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contribution to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here

Name of U.S. person ▶

SIGNATURE

Date ▶

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made for a trust.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, for:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued).
- Certify that you are not subject to backup withholding, or
- Obtain exemption from backup withholding if you are a U.S. citizen. If applicable, you are also certifying that all U.S. income and your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

RETIREMENT
 R
 VALUE, LLC
 SECURE FUTURE

**What Exactly Is a
 "Re-Sale Life Insurance Policy"?**

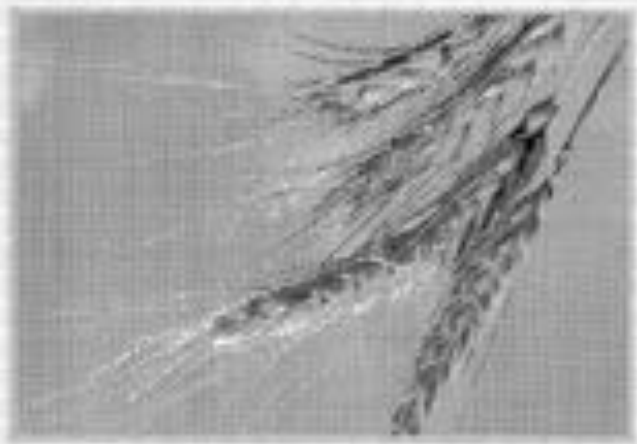
At Retirement Value, LLC, you will find the most thorough, transparent re-sale life insurance policy program available. There is no equal.

Our "base-line capital" is higher here than with other purveyors of re-sale life insurance or with any other asset class of comparable risk.

Give us a call—40 years of experience, client testimonials to name, based on our recognition that re-sale life insurance is a professional privilege to serve you.

Whether you speak with our home office associates or our licensees, the integrity and complete disclosure of our business practices will become apparent.

We do not just sell a concept that gives you high yields—we put our professional reputations on the line for you every day.



RETIREMENT
 R
 VALUE, LLC

10000 W. 10th Ave.
 Suite 1000
 Denver, CO 80202
 303.733.1000
 www.retirementvalue.com

Your local Retirement Value, LLC licensee is:

Δ 7 EXHIBIT 19
 Deposited by
 Dan Velva L. Price
 www.retirementvalue.com

Unofficial copy Travis Co. District Clerk Velva L. Price

What Exactly Is a "Re-Sale Life Insurance Policy"?

Retirement Value, LLC uses client funds to purchase re-sale life insurance policies from a private investor who already has acquired them from their original owners. All our re-sale life policies are purchased at a deep discount compared to the "face amount" or death benefit. When an insured passes away, the full death benefit is paid to the Escrow Agent as the sole beneficiary. The Escrow Agent then distributes all policy proceeds according to your pre-natal participation amount. Yes, it really is that simple!

REPUTATIONS AT STAKE

All Retirement Value, LLC re-sale life policies are scrubbed at least two times in a rigorous, due-diligence process to assure their legitimacy. Once by the private investor before he purchases them and a final review by Retirement Value, LLC.

All participant funds are deposited in and held in escrow accounts at Wells Fargo Bank, N.A. Of course, the agreement by Wells Fargo Bank, N.A. to be the depository for your funds cannot be interpreted as their endorsement of our re-sale life insurance policy program.

Clifford, Parke, Ginsling & Fynn, P.C., a 40-year old law firm in New Brunswick, Texas, is your Escrow Agent who manages all client funds. All client funds are handled at all times by the Escrow Agent as a protection for our clients.

All policies that have been issued by America's oldest and most financially-sound life insurance carriers, issued by such household names as Prudential, John Hancock, Transamerica, and others—and every carrier is rated "A-" or higher by A.M. Best rating company.

Every Life Expectancy (LE) is carefully and fully underwritten and issued by **Moderest Medical Review, LLC**. This affords you an external, totally objective, best-in-class assessment of the LE for all the insureds—utilizing reports that have been highly regarded among life insurance professionals for several years.

THE NATURE OF THIS ASSET CLASS

Re-sale policies work very simply. Your profit, or what the "base-line capital gain" is derived from "The Spread"—it is based upon the difference between the death benefit when the insured passes away and the total cost of the policy, premium payments, and various administrative fees. The stated triple 3.5% annually also is dependent upon the Life Expectancy (LE) of the insured. The longer the LE, the higher the total gains from the "base-line capital gain", and vice versa.

THE LEGAL FOUNDATION

The death benefit of a life insurance policy can be sold to other assignors like all other personal property. The **U.S. September Court ruling** on this matter was made on December 4, 1911 and still remains the precedent today.

WHY RETIREMENT VALUE, LLC?

One of many key features that distinguishes our program from all others is a vital protection of your assets. We reserve enough premiums to last 24 months through trials for life expectancy of the insured. This greatly reduces the probability you will be asked to pay a pro-rata share of future premiums. Upon the death of the insured, all insured premiums are returned to participants on a pro-rata basis.

RETIREMENT

VALUE
LLC/PC, L.P.

Your "base-line capital gain":

A Simple 16.5% Annually*

Review our Expected Outcomes:

All are projected out for 10 years

Face Amount Immediately available

Over \$41 Million

Current Escrow immediately available:

10 Policies

*EXAMPLE:

- A simple 16.5% annually during a 70-month Life Expectancy (LE) would equate to a 96.27% "base-line capital gain" on your initial participation amount.
- A \$100,000 participation x .9625 = \$96,250 base-line capital gain at policy maturity, or a total matured value of \$196,250.
- If an insured passes away prior to the end of the LE, the matured value will increase because all unused premiums are refunded to participants on a pro-rata basis in addition to the payment of base-line capital gains.
- If an insured lives longer than 24 months after the LE, the net matured value will decrease due to the need for participants to pay a pro-rata share of the premiums after LE = 24 months for each policy in-force.

From: Dick Gray <dgray@retirementvalue.com>
Sent: Sunday, August 23, 2009 6:03 AM
To: michael@fellowshipfinancial.com; terry@fellowshipfinancial.com
Cc: Liz Gray <lgray@retirementvalue.com>; tncos@retirementvalue.com; 'Wendy Rogers' <wrogers@retirementvalue.com>; David Gray <dgray@retirementvalue.com>; eddy@thesafeinvestment.com; danica@thesafeinvestment.com
Subject: FW: Please review before e-mailing Eddie & Danica - Viatical2

Michael and Terry:

This is more than asking for your help. This is asking for your crucial professional and personal input on the fundamental matter of the ability of RV to operate in Florida. It never matters how "clever" the regulators are (and in fairness to the State of Florida, their policies and pronouncements are more logical and more consistent than almost any other state!) it is equally clear that WE are NOT doing precisely anything THEY define.

We are not buying or selling anything in Florida. As our Licensees you are urging your clients to act, in effect, as "facilitators" - to enable us to conduct our business through relatively short-term business loans. They do not buy into anything and they are not made share-holders or owners of anything. We do not ever fractionalize the ownership side of any policy, etc.

Personally, I recently have come to see we ought not even to call them "irrevocable co-beneficiaries" because some states now even refer to "beneficiary of..." when defining a Settlement and calling it a Security. I am seeing more and more clearly we ought to call it exactly what it is - a business loan, for which lenders are made "assignees" like in any business transaction involving insurance. Except that Kaculog in their capacity as Excess Agent administers the "Assignee" standing for each policy rather than having the actual assignees sent to the carrier home office (an admin nightmare). This process greatly would reduce any chance our NON-qualified clients (at maturity) would have for any gain or growth to be treated as long-term capital gain (interest on loans is ordinary income) - but the IRS has moved in that direction anyway and I can see clients likely pay ordinary income tax at maturity rather than capital gains at maturity - regardless of what WE call our clients or our products. In the long run the greatest good is done for the largest number by taking every available step to seeing that our product is NOT declared a security (just we Early believe it is not) and THAT issue takes preeminence over even the net taxation method for client funds at maturity.

Naturally, we've come to expect regulators to make the biggest possible nets with the smallest possible mesh - to catch even the smallest "fish". But the facts remain that we do not do what they describe. Period!

Your thoughts and comments - perhaps in a phone call rather than an e-mail (ideally prior to Wednesday's meeting) which this will be a major topic of discussion). Thanks!

Please see item below...

Dick

Shortcut to:

<http://www.gpfla.com/Consumers/OrderLife/docs/Viatical2.pdf>



RVR018785



407 Lande Street, Suite B, New Braunfels, TX 78130 • Phone: (830) 624-8858 / (830) 832-9900 • Fax: (830) 624-5002 • www.retirementvalue.com

Check List for Non-Qualified Participation

Complete set of documents issued online through Retirement Value, LLC:

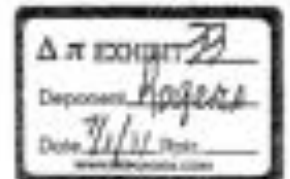
- 1. Policy Participation Agreement
- 2. Exhibit A
- 3. Participant's Suitability Form (one for each Participant)
- 4. Disclosure Acknowledgment (one for each Participant)
- 5. Limited Power of Attorney (Client for RV, LLC)
- 6. Special Power of Attorney (Client for RV, LLC) - Optional
- 7. Form W-9 (please have Participant sign)
- 8. Refer to Current 10-Case Bonus Spreadsheet to verify amount of participation available for Client (download latest spreadsheet from www.retirementvalue.com website)

Items to be included from Client-Participant when completing forms:

- 9. ~~USPS return of Driver's License~~ (if current address is different, a note of explanation is required) - **MANDATORY!!**
- 10. If Participant is a Trust or another entity, copies of at least the declaration page(s) and the signature page(s).
- 11. All checks are made payable to "Kiesling, Porter, Kiesling and Free, P.C. - Escrow Account" and in the memo section of the check put FBO and the Participant's name (funds will be deposited at Wells Fargo Bank, N.A.)

Mail ALL paperwork to Kiesling, Porter, Kiesling and Free, P.C.
348 East San Antonio Street,
New Braunfels, TX 78130

(Please fill out all forms ~~completely~~) and call with any questions - (830) 624-8858]



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457 Landa Street, Suite B, New Braunfels, TX 78130 • Phone: (830) 624-8838 / (210) 812-8060 • Fax: (830) 629-2002 • www.retirementvalue.com

POLICY PARTICIPATION AGREEMENT

This Agreement is being entered into by and between:

Participant: _____
(hereinafter referred to in the singular "Participant")

Address: _____
(Street address) (City) (State) (Zip code)

Phone No.: _____ Cell No.: _____ Fax No.: _____

E-mail: _____

SSN: _____ DOB: _____ Marital Status: Single Married
 Divorced Widowed

Joint Participant or wife: _____
(hereinafter referred to in the singular "Participant")

Address: _____
(Street address) (City) (State) (Zip code)

Phone No.: _____ Cell No.: _____ Fax No.: _____

E-mail: _____

SSN: _____ DOB: _____ Marital Status: Single Married
 Divorced Widowed

and Retirement Value, LLC, a Texas limited liability company, whose principal address is 457 Landa Street, Suite B, New Braunfels, Texas 78130 (mailing address: P.O. Box 310635, New Braunfels, Texas 78131) (hereinafter referred to as "Agent").

WHEREAS, Agent is in the business of acquiring sole-ownership in re-sale life insurance policies acquired from various re-sale life insurance policy sources;

WHEREAS, Participant desires to facilitate acquisition by the Agent of one or more re-sale life insurance policies and participate on a pro-rata basis as an irrevocable co-beneficiary;

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WHEREAS, Participant approves and adopts the standard(s) used by Agent to evaluate and qualify re-sale life insurance policies for Agent's investment purchase as sole owner of said re-sale life insurance policies;

WHEREAS, both parties understand and agree that the relationship of the Participant to the Agent is to provide funding to facilitate the acquisition of re-sale life insurance policies; and

WHEREAS, both parties understand and agree that this model of participation in a re-sale life insurance policy is not considered to be a security and therefore participation in a re-sale life insurance policy is not construed as the sale of a security by the Agent or the purchase of a security by the Participant.

NOW, THEREFORE, both parties wish to enter into a mutual agreement in which the Client will assist the Agent in acquiring, purchasing and becoming the owner of certain re-sale life insurance policies through participation. The Client's participation is protected through and by an irrevocable co-beneficiary status in one or more re-sale life insurance policies pursuant to the Participant's instructions as set forth in Exhibit A of this Agreement.

1. General Disclosure Statement - Terms of Agreement

1.1 **Agreement.** You are entering into an Agreement whereby you will become a Participant in a re-sale life insurance policy(ies) of which Agent will be the sole owner and for which the law firm of Kiesling, Porter, Kiesling & Free, P.C., located at 348 East San Antonio Street, New Braunfels, Texas 78130 (hereinafter referred to as "Escrow Agent"), will become the Escrow Agent. As a Participant in a re-sale life insurance policy you will acquire a safeguarded irrevocable co-beneficiary status in the death benefit based upon your initial participation or basis plus a base-line targeted gain paid for the use of your funds during the time outlined in this Agreement. Your participation in a policy will fund the following activities: (a) purchase of a re-sale life insurance policy(ies) by Agent; (b) payment of premiums by the Escrow Agent to maintain at all times the in-force status of the re-sale life insurance policy(ies) after purchase; (c) payment of administrative costs and fees associated with this transaction, including a "death tracking" service, commissions, Escrow Agent and bank fees, and interest payments as needed.

1.2 **Effective Date.** This Agreement shall not be effective until funds are transferred from Participant and received into the Escrow Account maintained by Escrow Agent at Wells Fargo, Bank, N.A., and this Agreement has been approved by Agent on a reasonable and timely basis.

1.3 **Insured.** The person whose life insurance policy has been sold is called the Insured and this person remains the Insured on a re-sale life insurance policy but no longer is the beneficiary for that policy. The Insured and his / her designated beneficiaries have given up all rights and interests in the re-sale life insurance policy. The Insured typically is of advanced age with a Life Expectancy (LE) of between 3 and 10 years.

1.4 **Maturity.** Maturity of a policy is when the Insured passes away and written notice has been received by the Agent.

1.5 **Policy Model.** Re-sale life insurance policies are policies that have been sold already in the open market by the original Insured or the original owner, with the Agent as the new policy owner purchasing the death benefit of a life insurance policy at a discount to the "face value" or death benefit of the policy. The resale life insurance policy model developed by Agent is a private transaction in which one investor (Agent) buys policies from another investor (the policy supplier).

1.6 **Policy Election.** You may elect to be the irrevocable co-beneficiary for an entire re-sale life insurance policy, participate in only one policy, or spread your participation over several policies of your choosing. If you participate in one or more policies, understand that the Agent may obtain the balance of the purchase price and other associated costs, fees and expenses from additional participants. When the Insured passes away, you will receive the base-line targeted gain for your pro-rata participation on that policy.

1.7 **Policy Replacement.** Understand it is possible that at the time you elect participation in any re-sale life insurance policy it may have been fully subscribed already. In this situation, Agent will notify your Licensee immediately and will, pursuant to the terms of this Agreement, offer a replacement policy of a similar or greater total value based on the policy face amount and the Life Expectancy of the Insured.

1.8 **Net Income.** Understand that no one can predict with 100% accuracy the actual Life Expectancy of the Insured. Some factors that may affect the accuracy of an LE prediction are: (a) the experience and qualification of the medical personnel setting the LE; (b) the nature of the Insured's illness(es) or health condition(s); (c) future improvements in medical treatment(s) and cures. In this context, your net earnings may vary substantially from the base-line targeted gain because true net earnings will be higher if the Insured passes away earlier than the expected LE or it will be lower if the Insured passes away later than the expected LE. If the Insured passes away earlier than expected, you also will receive a pro-rata refund of your portion of the premium escrow amounts which were not used to pay premiums.

1.9 **Tax Consequences.** The transaction may have tax consequences for you. You are agreeing to participate with a sum of money upon which Agent will pay a base-line targeted gain in accordance with this Agreement. The net earnings you receive will, in most cases, if not all, be considered a taxable gain to you. You will need to consult with your tax advisor regarding this transaction so that you completely understand the tax implications of the transaction.

1.10 **Non-Liquid.** Monies used for participation are not liquid during the entire term outlined in the Policy Participation Agreement. Therefore, great care should be exercised and great caution observed in determining a proper, balanced participation amount for use in this re-sale life insurance policy transaction.

1.11 **Participant's Death.** Please note, especially, that if the Participant passes away during the term of this Agreement, alternate or contingent beneficiaries will inherit or acquire this Agreement. However, said Agreement must remain in force until maturity due either to: (a) the passing of the Insured or (b) pay-out by the insurer. The policy does not become a "cash disbursement" in the hands of any Participant or heir(s) until maturity occurs. The death of the Insured – not the death of the Participant – determines the maturity date of this transaction.

1.12 Full Disbursement. Whenever maturity occurs due to the passing of the Insured, even if the Insured's passing is prior to the expiration of the calculated LE, Participant will receive a full net disbursement of their original participation plus targeted gains for the full term of this Agreement and will not be paid only a pro-rated partial return. Example: if the entire term of the policy is 48 months and the policy matures after 12 months due to the death of the Insured, the full 48-month targeted gain will be paid to the Participant, as well as a pro-rata share of any unearned premiums remaining in the escrow sub-account for that policy.

1.13 Premium Escrow Sub-account. In the event that the Insured dies beyond the Life Expectancy period plus twenty-four (24) months and the premium escrow sub-account has been depleted, then upon the depletion of said premium escrow sub-account, Participant will be contacted and requested, on a pro-rata share basis, to pay future premiums until the Insured passes away. If a contingent co-beneficiary(ies) has inherited the policy(ies) upon the passing of the Participant, the contingent co-beneficiary(ies) will be contacted and it will be the responsibility of the contingent co-beneficiary(ies) to pay future premiums in accordance with this paragraph. Failure of Participant to make premium payments into the premium escrow sub-account under these circumstances will result in total forfeiture of all their participation in this policy and will result in the loss of both the original basis amount and all base-line targeted gain. In the event this occurs, Agent will then have the license to offer Participant's pro-rata portion in the policy to another person for payment of the necessary premium contribution amount. Participant also acknowledges Retirement Value, LLC or its Licensee provided very specific dollar amounts to illustrate this potential future risk.

Participant _____ Participant _____

II. Affirmative Representations of Agent

2.1 The Agent is a viable company whose business activities include the purchase of re-sale life insurance policies. Agent has no other knowledge of your investment experience or your financial wherewithal to fund this transaction. Your decision to enter into this transaction will be based on your own independent investigation, but Agent takes the following specific steps to safeguard the monies you advance for this transaction:

- (a) Only insurance carriers rated "A-" or better by A.M. Best are used for re-sale life insurance policies;
- (b) All funds are maintained in or pass through the Escrow Agent and are deposited in a cash or cash equivalent account with Wells Fargo, N.A., 1000 North Walnut Street, New Braunfels, Texas 78130 (hereinafter the "Escrow Account") in an FDIC-insured account, to be used for the purpose of purchasing the re-sale life insurance policy and the payment of premiums and other necessary payments peculiar to the Agent taking ownership of a policy. Notwithstanding, re-sale life insurance policies are not endorsed by any bank; outcomes are not guaranteed by any bank; and, this is not an FDIC-insured financial transaction;
- (c) Funds used to purchase any re-sale life insurance policy noted in this Agreement are transferred to and exclusively handled by Pacific Northwest Title Company of Oregon, 111 Southwest Columbia Avenue, Suite 200, Portland, Oregon 97201;

- (d) Monies accumulated for paying all premiums due for each of the re-sale life insurance policies are maintained in an escrow sub-account at Wells Fargo Bank, N.A. and administered by the Escrow Agent;
- (e) Interest from all Escrow Accounts will be the property of the Agent, being part of the Agent's fee structure and will not be owned by or distributed to Participant; and
- (f) Agent or its Escrow Agent will not in any way use Participant's participation monies in any manner whatsoever other than what is directed by the Participant in this Agreement.

2.2 During the Term of this Agreement, Agent shall:

- (a) provide to Participant all documentation pertinent to the Participant's co-beneficiary interest in the policy;
- (b) provide a copy of this Agreement to the designated Escrow Agent; and
- (c) create and maintain accurate records on Participant that pertain to the participation in the policy and from time to time, as appropriate, provide reports to Participant.

2.3 **No Additional Duties.** Except as set forth in Paragraph 2.2, Agent shall have no other duties or obligations to Participant other than to use reasonable efforts to assist Participant if requested.

2.4 **Right to Grant Additional Interest.** Agent may grant to additional Participants an interest in the policy, provided that Agent will not allow the combined interest to exceed the face amount or death benefit of the policy.

III. Affirmative Representations, Rights & Obligations of Participant

3.1 Participant hereby confirms that he / she has read and understands the above. Participant further hereby confirms that _____ (Licensee) has explained fully a re-sale life insurance policy transaction together with all associated risks.

3.2 **Free Will.** Participant acknowledges that he / she has carefully examined his / her financial resources, investment objectives, and tolerance for risk and that after considering the benefits and risks associated with this transaction, Participant freely elected to enter into this transaction with Agent.

3.3 **Due Diligence.** Participant represents and warrants that Participant is sufficiently sophisticated in financial matters of this type to make an independent, informed, wise and balanced decision to participate in a re-sale life insurance policy and that this matter was thoroughly reviewed with his / her Retirement Value, LLC Licensee and Participant has had the opportunity to obtain such additional information necessary to verify the accuracy of the information contained herein and satisfy his / her due diligence efforts on this transaction in order for him / her to evaluate the merits and risks of this Agreement. Participant further represents and warrants that Participant has access to professional investment advice, has adequate means of providing for current and future financial needs and possible contingencies,

has no need for liquidity for these funds, is able to bear the risk of an interest in a policy(ies) for an indeterminate period of time, could afford a complete loss of this participation and is committing to a participation which bears a reasonable relationship to Participant's total net worth.

Participant Agent

3.4 Confidentiality. Participant will maintain the confidentiality of all medical and insurance information received in connection with participation on a policy(ies) and the Agent's purchase of the re-sale life insurance policy(ies) at issue in this transaction.

3.5 No Contact With Insured. Participant agrees not to contact the insured third-party named in the policy, and acknowledges that, under Texas law, only Agent (if Agent is a "provider"), or the Agent's designee, can contact Insured to determine health status.

3.6 Buy and Hold. Participant understands and agrees that this Agreement is of a "buy and hold" nature; that there is no offer made or any offer implied of liquidity during the entire period of Agreement; that Agent offers no buy-back guarantee; that Participant understands that even upon his / her death, a contingent beneficiary(ies) "inherit(s)" this Agreement but must wait for its full maturity before realizing any "cash distribution" from the re-sale life insurance policy program.

3.7 Waiver of Right to Disclosure. Participant gives any right of disclosure that Participant may possess from Agent relating to Agent's fees to its policy supplier, any broker, attorney, and / or necessary service company(ies), accountant(s) or consultant(s) in the acquisition of the policy.

3.8 Ownership Status. Participant represents and warrants that he / she will retain sole ownership in the pro-rata status in the policies that he / she is selecting and that Participant will not sell, assign or distribute his / her portion in said policies to any other person or entity.

3.9 Reliance on Agent or Insurance. Participant represents and warrants that he / she has not relied on Agent for any legal, tax or investment advice whether expressly stated, inferred or assumed, any statements, representations or warranties, whether verbal or in writing, made by Agent, its Licensees or employees, with respect to his / her decision to enter into this transaction. For example, if Participant lives in a community property state, the special, legal, and tax requirements of that state must be fully met with the assistance of their own advisors.

3.10 No Guarantees. Agent has not provided or guaranteed any of the following: (i) a specific return on investment; (ii) a specific amount to be paid to Participant, (iii) a "buy back" guarantee, or (iv) a specific date of Maturity.

3.11 Accuracy. Participant further represents that the information contained herein is true, correct and accurate and may be relied on by Agent in entering into the transaction described herein.

IV. Miscellaneous

4.1 Venue. Venue for any lawsuit arising out of this Agreement shall be in Coral County, Texas and, in the case of federal jurisdiction, in the United States District Court for the Western District of Texas, San Antonio Division.

4.2 **Amendment.** The terms and conditions of this Agreement may only be amended by a written instrument signed by the Parties.

4.3 **No Waiver.** Except as expressly provided herein, the rights and remedies herein provided shall be cumulative and not exclusive of any other rights or remedies provided by law or otherwise. Failure by a Party to detect, protest, or remedy any breach of this Agreement shall not constitute a waiver or impairment of any such term or condition, or the right of such Party at any time to avail itself of such remedies as it may have for any breach or breaches of such term or condition. A waiver may only occur pursuant to the express written permission of an authorized officer of the Party against whom the waiver is asserted.

4.4 **Severability.** In the event any term, condition, or provision of this Agreement is declared or found by a court of competent jurisdiction to be illegal, unenforceable, or void, the Parties shall endeavor in good faith to agree to amendments that will preserve, as far as possible, the intentions expressed in this Agreement. If the Parties fail to agree on such amendments, such invalid term, condition, or provision shall be severed from the remaining terms, conditions, and provisions, which shall continue to be valid and enforceable to the fullest extent permitted by law.

4.5 **Assignment.** Except as otherwise provided herein, neither this Agreement nor any rights granted hereunder may be assigned or otherwise transferred by any Party, in whole or in part, whether voluntarily or by operation of law. Subject to the foregoing, this Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

4.6 **Notices.** Any notice required or permitted under this Agreement or required by law must be in writing and must be (i) delivered in person, (ii) sent by registered or certified mail, postage prepaid, or (iii) sent by facsimile, and addressed as follows:

To Participant:

At the address for Participant as specified on page 1 of this Agreement

To Agent:

Retirement Value, LLC
457 Landa Street, Suite B
New Braunfels, Texas 78130
Fax: (866) 498-4544

Mailing Address:

Retirement Value, LLC
P.O. Box 310635
New Braunfels, Texas 78131

Each Party may amend its address by written notice to the other Party in accordance with this section. Notices will be deemed to have been given at the time of actual receipt.

4.7 **Entire Agreement.** This Agreement sets forth the entire agreement and understanding between the Parties and supersedes and cancels, revokes, and rescinds all previous negotiations, agreements, and commitments, whether oral or in writing, with respect to the subject matter described herein, and neither party shall be bound by any term, clause, provision, or condition save

as expressly provided in this Agreement or as duly set forth in writing as a subsequent amendment to this Agreement, signed by duly authorized officers of each Party.

Mutual Agreement

The Parties agree that this transaction will be construed under the laws of the State of Texas, without regard to choice-of-law rules of any jurisdiction. Participant(s) and Agent agree that all claims, disputes, controversies, differences or other matters in question arising out of the relationship between Participant and Agent (and its officers, directors, agents and / or employees), related to this Agreement, or otherwise, shall be settled finally, completely and conclusively by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, by one or more arbitrators, chosen in accordance with the Rules. The decision of the arbitrator(s) shall be final and binding on all parties. Any arbitration held in accordance with this paragraph shall be private and confidential. On request of either party, the record of the proceeding shall be sealed and may not be disclosed except insofar, and only insofar, as may be necessary to enforce the award of the arbitrator(s). The prevailing party shall be entitled to recover all reasonable and necessary attorney's fees and costs from the non-prevailing party.

EXECUTED this _____ day of _____, 2010.

Participant:

Participant:

Signature

Signature

Print Participant's Name (Print)

Print Participant's Name (Print)

RETIREMENT VALUE, U.S.
a Texas limited liability company

By: _____
(Print)

Dated: _____



Unofficial copy Travis Co. District Clerk Yelva L. Price

EXHIBIT A

RETIREMENT VALUE, LLC

Participant Name _____ Date _____
 Joint Participant Name _____ Date _____

Irrevocable Co-Beneficial Status to Protect Participation Funds

Participant desires to and Agent to acquire, purchase and become sole owner of certain re-sale life insurance policies; will participate using Dollars (US\$) _____ and agrees to participate with said funds to cover all costs associated with the following re-sale life insurance policies to be owned by Agent:

RV, LLC Policy Code	Policy Face	Interest LE	CLIENT PARTICIPATION	Base-line	VALUE AT MATURITY
LL1899-102209-AT	\$7,000,000	48 months	16.2%	\$0.00	\$0.00
LFG248-0128-10-14M	\$3,000,000	48 months		\$0.00	\$0.00
AMA084-011110-80	\$2,100,000	48 months		\$0.00	\$0.00
MA0225-112009-CR	\$3,000,000	48 months		\$0.00	\$0.00
CF0088-012110-4F	\$1,000,000	48 months		\$0.00	\$0.00
PL1990-111108-JS	\$4,000,000	48 months		\$0.00	\$0.00
AMA081-012110-PC	\$5,000,000	48 months		\$0.00	\$0.00
LFG183-111109-AM	\$5,000,000	48 months		\$0.00	\$0.00
PL1149-111109-DM	\$10,000,000	48 months		\$0.00	\$0.00
AGA130-012110-PM	\$2,000,000	48 months		\$0.00	\$0.00

This policy shall not be subject to withdrawal by the policy owner until the maturity date of the policy. However, the amount of the policy shall be available to the policy owner at the time of the policy owner's death. The amount of the policy shall be available to the policy owner at the time of the policy owner's death. The amount of the policy shall be available to the policy owner at the time of the policy owner's death.

RETIREMENT VALUE, LLC

a Texas limited liability company



Participant: _____

Joint Participant: _____

By: _____

Member/Director

I elect to place my total amount in **EQUAL PORTIONS** among all ten (10) policies available upon the arrival of my funds in the Master Escrow Account.
 I elect to place my total amount in **SELECTED AMOUNTS** noted in the Exhibit above, in policies of comparable value.
 I elect to be notified by my Retirement Value, LLC of the current balance of the current bouquet of policies when my funds have been posted to the Master Escrow Account.

So I may select policies available at that time.



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CONTINGENCY CO-BENEFICIARY DECLARATION FORM

NOTE: In the event of the death of the Participant and an irrevocable contingent co-beneficiary is notified by the Agent of their co-beneficiary status in a re-sale life insurance policy, said contingent co-beneficiary will produce to Agent a copy of a government issued ID, i.e., driver's license, passport, as well as Form W-9 or Form W-9BEN. No payout of proceeds from a matured policy will be given to any contingent co-beneficiary without proper identification on file with the Agent.

Name: _____ Percentage of Ownership: 0%
Address: _____
City, State, Zip Code: _____
SS #: _____ DOB: _____ E-mail Address: _____
Relation to Participant: _____ If Trust - Date of Trust: _____

Name: _____ Percentage of Ownership: 0%
Address: _____
City, State, Zip Code: _____
SS #: _____ DOB: _____ E-mail Address: _____
Relation to Participant: _____ If Trust - Date of Trust: _____

Name: _____ Percentage of Ownership: 0%
Address: _____
City, State, Zip Code: _____
SS #: _____ DOB: _____ E-mail Address: _____
Relation to Participant: _____ If Trust - Date of Trust: _____

Name: _____ Percentage of Ownership: 0%
Address: _____
City, State, Zip Code: _____
SS #: _____ DOB: _____ E-mail Address: _____
Relation to Participant: _____ If Trust - Date of Trust: _____

RETIREMENT VALUE, LLC

877 Landa Street, Suite B, New Braunfels, TX 78130 • Phone: (830) 634-8838 / (710) 833-8540 • Fax: (830) 639-5802 • www.retirementvalue.com

The selected Irrevocable Contingent Co-Beneficiary(ies) will receive payouts at the percentages designated on ALL POLICIES SELECTED unless Participant otherwise notes. Please submit an additional copy of this form IF there will be different Irrevocable Contingent Co-Beneficiaries designated for other policies.

Participant must designate one of the following:

- If a Contingent Co-Beneficiary has died before the maturity of this policy, the estate of the Contingent Co-Beneficiary will receive the proceeds from the matured policy; or
- If a Contingent Co-Beneficiary has died before the maturity of this policy, that Contingent Co-Beneficiary's percentage of proceeds in the matured policy will be evenly distributed between or among the remaining Contingent Co-Beneficiary(ies).

As Participant in this re-sale life insurance policy, on my demise I do hereby designate the above-named Contingent Beneficiary(ies) as holding an irrevocable Contingent Co-Beneficial interest in the policies listed above, and I do hereby transfer and assign irrevocably, all right, title and interest in said policy to such Contingent Co-Beneficiary(ies). This designation will become effective only if the Agent is notified of Participant's death and a certified death certificate is provided to Agent.

Participant:

Print Name: _____

Dated: _____

Joint Participant:

Print Name: _____

Dated: _____

RETIREMENT VALUE, LLC

a Texas limited liability company

By: _____ Dated: _____

Member

Unofficial copy Travis Co. District Clerk Velda L. Price

RETIREMENT VALUE, LLC

457 Linda Jean, Suite B, New Braunfels, TX 78130 • Phone: (361) 624-8834 / (214) 832-5900 • Fax: (361) 625-5900 • www.retirementvalue.com

PARTICIPANT SUITABILITY FORM – ONE FOR EACH PARTICIPANT*

Client-Participant Information:

Name: _____
(Individual Name / Trust / Company)

If Trust – date of Trust: _____

Spouse's Name: _____

I am of sound mind and am able to determine on my own that participating in this program is a correct use of a portion of my net worth. I can afford to participate in this program knowing that my participation is illiquid for an indeterminate period of time. I feel that I have sufficient knowledge and experience in business and financial matters to determine whether or not this is a good use of a portion of my funds.

Please print in the space below that applies to you.

Investing Experience:

- I have the experience to analyze and determine whether participation in certain investments is suitable for me.
- If I feel it necessary, I will consult with a financial adviser before making any decisions.
- I have in the past or presently am invested in stocks, bonds, and / or mutual funds traded on a national security exchange.
- I have in the past or presently am invested in commodities or future contracts.
- I have participated in other re-sale life insurance policies.
- I have a relationship with partners or companies that invest in real estate.
- I have other types of investments other than above.

Individual Annual Income	<input type="checkbox"/> \$10,000-\$150,000	<input type="checkbox"/> \$150,000-\$250,000	<input type="checkbox"/> \$250,000+
Spouse Household Income	<input type="checkbox"/> \$50,000-\$150,000	<input type="checkbox"/> \$150,000-\$250,000	<input type="checkbox"/> \$250,000+
Approximate Net Worth (including primary residence)	<input type="checkbox"/> \$150,000-\$250,000	<input type="checkbox"/> \$250,000-\$500,000	<input type="checkbox"/> \$500,000+

[REDACTED]

I have a professional advisor who is not affiliated with Retirement Value, LLC in any way and who has sufficient knowledge in business and financial matters to advise me in connection with my participation in this product and to determine that this is a viable option for a portion of my money.

Professional Advisor: _____

Address: _____

Telephone No.: _____

Title: _____

[REDACTED]

As the Trustee of a Trust, the Trust is interested in participating in the re-sale life insurance policies offered by Retirement Value, LLC and is receiving a pro-rata irrevocable co-beneficiary share of the death benefit of one or more of the policies for the Trust. I represent the following (please check any and all statements that pertain to you):

I represent and warrant that I have full authority to enter into any agreement on behalf of the Trust. I am able to determine that participating in this program is a correct use of a portion of the net worth of the Trust. The Trust can afford to participate in this program knowing that the participation is illiquid for an indeterminate period of time. I feel that I have sufficient knowledge and experience in business and financial matters to determine whether or not this is a good use of a portion of the Trust's funds.

The Trust has a professional advisor who is not affiliated with Retirement Value, LLC in any way and who has sufficient knowledge in business and financial matters to advise me in connection with the Trust's participation in this product and to determine that this is a viable financial option for the Trust.

Professional Advisor: _____

Address: _____

Telephone No.: _____

Title: _____

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REPRESENTATIONS AND WARRANTIES

I represent that I have carefully read and examined the Policy Participation Agreement and determined that participation in one or more re-sale life insurance policies is appropriate and suitable for me. I understand the risks involved as explained by our Licensee. Understanding that participation in a re-sale life insurance policy is not liquid, I have adequate means to provide for day-to-day financial needs and would be able to meet financial obligations without the monetary participation. I represent that I can bear the financial risk for an indefinite period of time. I represent and warrant that I have read this Suitability Form and represent and warrant that the information contained in it is true, correct and accurate and may be relied on by Retirement Value, LLC.

Participant

Date

*Joint Participant (only if Spouse of above Participant)

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457 Landa Street, Suite B, New Branch, TX 76130 • Phone: (817) 424-8158 / (214) 812-9640 • Fax: (817) 405-5901 • www.retirementval.com

DISCLOSURE ACKNOWLEDGMENT

Please read carefully before initialing.

1. / I have received and reviewed a Suitability Form and the Policy Participation Agreement describing the nature and risks associated with the participation in a re-sale life insurance policy.
2. / I understand the undersigned financial consultant* (if such is signing) is my financial consultant, and is not an agent, employee, or representative of Retirement Value, LLC ("Retirement Value"). I further understand that any representations, advice, opinion or recommendations made by the undersigned financial consultant are his / hers alone and not the representations, advice, opinion or recommendations of Retirement Value, LLC.
3. / I understand that any projected base-line targeted gain from this transaction is calculated based on an estimated life expectancy for the person insured under the policy; that the actual earnings may vary substantially from the base-line targeted gain because the actual life of the insured almost certainly will be less than or greater than rather than exactly equal to the estimated life expectancy; the net actual earnings will be higher if the insured passes away earlier than the life expectancy and lower if the insured passes away later than the life expectancy – due to the pro-rata refund of un-used premiums or having had to pay a pro-rata share of premiums due.
4. / I understand that the insured is whose life insurance policy I am participating may outlive me, particularly if I am of advanced age.
5. / I have been advised to consult my own tax advisor regarding the tax consequences of participating in a re-sale life insurance policy.
6. / I understand and have been advised that I have the right to rescind or cancel my participation in any re-sale life insurance policy for ten (10) calendar days even after Retirement Value, LLC has received and accepted my application for participation and that if I elect to rescind my participation to receive a full refund of all initial participation funds without penalty or fee of any kind.

7. ___/___

I understand that re-sale life insurance policies are illiquid, that I will not have access to the funds used to participate in the re-sale life insurance policies until the policies mature due to the death of the insured, and that no one can determine with exact certainty when any policy will mature. Accordingly, I have determined that I have sufficient liquid assets or other income to provide for daily and emergency needs and that I can bear the risk of participating in these re-sale life insurance policies and not having access to these funds for an indeterminate period of time.

8. ___/___

All of my questions concerning the re-sale life insurance policies I am considering have been answered. I understand the risk involved and have decided to participate with the understanding that any earnings on these policies will be realized by my estate, heirs, or devisees should I pass away before the insured.

EXECUTED the ___ day of _____, 2010.

PARTICIPANT

PARTICIPANT

Signature

Signature

FINANCIAL CONSULTANT*

Signature

* NOT a Retirement Plan, LLC Licensee.

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451 Landa Street, Suite B, New Braunfels, TX 78133 • Phone: (361) 624-8828 / (710) 832-9242 • Fax: (361) 624-8829 • www.retirement-value.com

LIMITED POWER OF ATTORNEY
RETIREMENT VALUE, LLC / CLIENT-PARTICIPANT
(Limited Power of Attorney is required for each Participant)

This Power of Attorney is made by and between _____
(hereinafter referred to as "Participant") and Retirement Value, LLC (hereinafter referred to as
"Agent" or "Attorney-in-fact") appointing Retirement Value, LLC as Participant's true and lawful
Agent and Attorney-in-fact for transacting Participant's acquisition of an irrevocable co-beneficiary
status in a re-sale life insurance policy(ies).

My Attorney-in-fact is hereby authorized to act for me in my name, place and stead, and for
my use and benefit, and to do, execute, or to concur with persons jointly interested with myself therein
in the doing or executing of all or any of the acts, deeds and things set forth below as if same were
my acts and deeds. My Attorney-in-fact shall have the following powers:

1. A. Enter into any and all contracts, agreements or documents necessary to facilitate
the purchase by the Agent of a re-sale life insurance policy or policies or certificate(s) if a group
policy in which I shall accept an irrevocable co-beneficiary status through a Policy Participation
Agreement executed by me.

B. Complete, record and file any document(s) necessary for the transfer of ownership
with the insurance carrier and / or irrevocable assignment of co-beneficiary status with the Escrow
Agent of the purchased re-sale life insurance policy or certificate(s) if a group policy through a Policy
Participation Agreement executed by me.

C. Concerning the disbursement of funds by the Escrow Agent, instruct and direct
Escrow Agent in the funding or purchase of a policy or policies, payment of premiums to maintain
policy or policies in an in-force status, payment of any and all administrative, bank and escrow
fees, including commissions, that are associated with the purchase of a re-sale life insurance policy or

policies or certificate(s) if a group policy in which I shall acquire an irrevocable co-beneficiary status through a Policy Participation Agreement executed by me.

D. Do any and all other actions that may be necessary to facilitate the acquisition of a policy or policies designated by a Policy Participation Agreement executed by me.

E. Notify Participant of any additional premium monies needed if it becomes necessary for the Participant to contribute additional funds to keep the re-sale life insurance policy designated by a Policy Participation Agreement executed by me in force.

F. Upon the death of any insured, obtain the death certificate and instruct the Escrow Agent as to the disbursement of the death benefit to the Participant or the Participant's designee.

G. If for whatever reason Escrow Agent resigns or terminates its contract with Agent, Agent can appoint another escrow agent to take its place and Agent can transfer all funds and related records to the successor escrow agent and the successor escrow agent shall then assume all duties and obligations of the Escrow Agent. The Escrow Agent shall have no liability for the successor escrow agent.

2. This Power of Attorney is for the sole purpose of designating Agent as the Participant's Attorney-in-fact for the purpose of purchasing a re-sale life insurance policy(ies) to be owned by the Agent, to facilitate the acquisition and maintaining of an irrevocable co-beneficiary standing by the Participant through the Escrow Agent with regard to said policy or policy(ies), and shall convey no other authority.

3. This Power of Attorney DOES NOT give license to Attorney-in-fact to change in any way the designation of the Participant's contingent irrevocable co-beneficiary(ies) for any re-sale life insurance policy designated by a Policy Participation Agreement executed by me.

4. This Power of Attorney DOES NOT give Agent authority to take any action to deny or deprive Participant of Participant's irrevocable co-beneficiary status in any policy or policies without specific instructions from Participant.

This Power of Attorney DOES NOT give Attorney-in-fact authority to disburse Participant's funds for any purpose not specifically delineated within this Power of Attorney.

6. This Power of Attorney may be terminated at any time by either party with written notice to that effect.

7. This Power of Attorney represents the entire and sole agreement between the Parties hereto with all provisions to be enforced as provided herein. No other representations, agreements or covenants, whether written or oral, shall govern this relationship.

RETIREMENT VALUE, LLC Participant
a Texas limited liability company

By: _____
Member

Signature _____

Dated: _____

Print Name: _____

Date: _____



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457 Landis Street, Suite B, New Braunfels, TX 78130 • Phone: (832) 626-8838 / (714) 812-9060 • Fax: (832) 589-5802 • www.retirementvalue.com

SPECIAL POWER OF ATTORNEY
LICENSEE / CLIENT-PARTICIPANT

(Special Power of Attorney required for each Participant)

The undersigned ("Client-participant") hereby appoints _____ ("Licensee") as its Agent and Attorney-in-fact to review, evaluate, and direct Retirement Value, LLC ("Retirement Value") as to Client-participant's participation in a re-sale life insurance policy on the Client-participant's behalf. In all such participation, Retirement Value, LLC is authorized to follow the instructions of Client-participant's Agent in every respect concerning the Client-participant, and is authorized to act for the Client-participant and in the Client-participant's behalf in the same manner and with the same force and effect as Client-participant might or could with respect to any such participation, as well as with respect to all other things necessary or incidental to the furtherance or conduct of such participation or the maintenance or protection of any interest in any re-sale life insurance policy which Client-participant selects.

Client-participant hereby acknowledges that Retirement Value, LLC will rely on this authorization in taking instruction and direction from Client-participant's Agent on behalf of the Client-participant. Client-participant agrees to indemnify and hold Retirement Value, LLC harmless from any and all claims or damages whatsoever arising out of compliance with instructions or directions issued by Client-participant's Agent pursuant to Agent's authorization.

Retirement Value, LLC does not by implication or otherwise endorse the operational methods of Agent. Client-participant further understands that Retirement Value, LLC relies on the direction and instruction of Client-participant as to the selection and amount of any re-sale life insurance policy in which Client-participant participated in and that, by granting this power to Client-participant's Agent to exercise Client-participant's rights of discretion and instruction to Retirement Value, LLC, Client-participant does so at its own risk.

Client-participant hereby ratifies and confirms any and all transactions with Retirement Value, LLC hereafter and hereinafter made by Client-participant's Agent on behalf of the Client-participant.

This authorization and indemnity is in addition to (and in no way limits or restricts) any rights which Retirement Value, LLC may have under any other agreement or agreements between the Client-participant and Retirement Value, LLC. This authorization and indemnity is continuing, and shall remain in full force and effect until revoked by the Client-participant via written notice addressed to and received by Retirement Value, LLC at 457 Landis Street, Suite B, New Braunfels, Texas 78130 (mailing address: P.O. Box 310635, New Braunfels, Texas 78131-0635). Any such revocation shall not affect any liability in any way resulting from transactions initiated prior to such revocation.

This authorization and indemnity shall inure to the benefit of Retirement Value, LLC and any successors or assigns.

Client-participant understands fully the obligations which Client-participant has assumed by executing this Power of Attorney. Client-participant understands that Client-participant's Agent is not an agent, employee, partner or affiliate of Retirement Value, LLC and that Retirement Value, LLC is in no way responsible for any loss or damages occasioned by the actions or advice of the individual or organization named above.

Licensee

Signature _____

Print Name _____

Dated: _____

Client-Participant

Signature _____

Print Name _____

Dated: _____



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**Request for Taxpayer
 Identification Number and Certification**

Give form to requester. Do not send to IRS.

Name (as shown on your income tax return)

Business name, if different from above

Check appropriate box: Individual sole proprietor Corporation Partnership Limited liability company (Enter the tax classification: disregarded entity, corporation, partnership) Exempt payee
 Other (see instructions) *

Address (number, street, and apt. or suite no.)

City, state, and ZIP code

URI account number(s), here (optional)

Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a partner, alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to Get a TIN on page 4.

Note: If the account is in more than one name, see the chart on page 4 for guidance on whose number to enter.

Social security number

or

Employer identification number

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

Sign Here Signature of U.S. person

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Use Form W-9 only if you are a U.S. person (including a resident alien) and provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or that you are exempt from backup withholding if you are a U.S. citizen or resident alien. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.





Re-Sale Life Insurance Policies



Retirement Value, LLC
6712 Lakewood Street, Suite 100
New Braunfels, TX 78130
Phone: 281.625.1234
Fax: 281.625.1234
www.retirementvalue.com

Unofficial copy Travis Co. District Clerk Velda L. Price



Thank you for the privilege of allowing us to share our proprietary re-sale life insurance policy program. We believe both prospective Licensees and prospective Client-participants will want to know:

- All Client-participant funds are deposited in escrow accounts at Wells Fargo Bank, NA - a rich, storied, near-mythic legacy dating back to 1853. Naturally, their agreement to accept our deposits cannot be interpreted as and is not an endorsement of our program.
- All Client-participant funds are managed by Kieseling, Porter, Kieseling & Free, a 40+ year-old law firm in New Braunfels, Texas, functioning as Escrow Agent. Retirement Value, LLC handles all Client-participant funds at any stage of this program.
- Premium payments will be escrowed to cover Life Expectancy ("LE") plus 24 months. This means if an insured has an LE of 60 months, premiums will be escrowed for 84 months - and upon the death of the insured, all un-used premiums will be distributed on a pro-rata basis to all Client-participants in addition to the return of their initial funds plus expected gains.
- The fundamental data required in any Life Expectancy ("LE") is thoroughly underwritten by and provided to us through Midwest Medical Review, LLC - a national, independent and totally-objective LE source very highly-regarded among insurance professionals.
- The re-sale policies exhibited by Retirement Value, LLC as immediately available for Client-participant selection are exactly that - they are immediately. Each case in our "brokerage" has been sourced from a private investor who has been buying policies in the life insurance Secondary Market for over 14 years. On average, he and his staff review \$500 million in face amount / death benefit each week to make their selections; then execute the policy purchase agreements to take ownership of each case; finally [REDACTED] some of those policies to us after completion of their thorough due diligence.
- For potential Licensees viewing this summary sheet - our policy source promises us up to \$30 million in face amount each week, if needed, thus assuring your ability to meet the demands of even your very largest individual and institutional Client-participants.
- Our high policy purchase volume assures Retirement Value, LLC exceptionally low policy purchase prices - thereby compressing the margin or "spread". We pass through to Client-participants outstanding base-line take-out rates as a result of this lower overhead.

We welcome this special opportunity to introduce you to a true "win-win" program and look forward to the privilege of serving you. Thank you for allowing us to "visit" with you this way!

Dick Gray
President / CEO
Retirement Value, LLC



Re-Sale Life Insurance Policies

An Overview

There really are no mysteries about or any complicated moving parts with re-sale life insurance policies owned by Retirement Value, LLC. We buy the death benefit of a life insurance policy at a deep discount from the full "face amount". This "spread" or leveraging of our funds generates significant gains upon the death of the insured - in which you participate on a pro-rata basis. This decades-old idea is just that straight-forward. Nothing more; nothing less.

Simply put, for almost twenty years "retail" or individual financial decision-makers have been able to enjoy the same spectacularly high gains previously realized for decades by only the very wealthy or by institutional / "wholesale" players in the secondary market for life insurance. These profit levels from the "spread" in such cases have been realized ever since selling the "death benefit" within a life insurance policy to an assignee was declared "legal" by the U. S. Supreme Court in 1911.

Client-participants in our re-sale life insurance policy program are "irrevocable co-beneficiaries". As an irrevocable co-beneficiary, upon maturity of the policy due to the death of the insured, you receive a pro-rata distribution of the death benefit. All policies in which you participate have been sold by individuals or companies who no longer wanted or needed the policy. The specific amount you receive at maturity is determined by your original participation amount plus your base-line targeted gain.

HERE'S THE BOTTOM-LINE: When a insured passes away, you are re-sold your original participation amount plus a gain, which we call our "base-line targeted-gain". Your total at maturity could be higher if there are any un-used premium to be refunded. These payments are made to you by Kieseling, Purter, Kieseling & Free, P.C., our Escrow Agent — a 40+ year-old Texas law firm that independently manages all monies sent for your participation.

Re-Sale Life Insurance Policies

Legal Foundation

One of the questions most frequently asked by someone considering participation in a re-sale life insurance policy is: "Is this legal?" Justice Oliver Wendell Holmes, Jr. [b. 1841 d. 1935] of the U.S. Supreme Court (appointed December 8, 1902, by President Theodore Roosevelt) answered "Yes" when he penned the majority opinion for GROSBYK, RUSSELL, 222 U.S. 149 (1911) December 4, 1911. Justice Holmes stated with clarity on behalf of the entire high bench:

"... it is desirable to give life policies the ordinary characteristics of property; to deny the right to sell... is to diminish appreciably the value of the contract in the owner's hands. It has been decided that a valid policy is not avoided by the cessation of the insurable interest...."

FOR 2008 THE RE-SALE LIFE INSURANCE MARKET WAS VALUED AT OVER \$12 BILLION.



Re-Sale Life Insurance Policies

Financial Entity

Retirement Value ("RV") was selected by their exclusive Policy Financing entity to penetrate the re-sale market for reasons of integrity, professionalism, an unyielding pursuit for compliance, and an unwavering focus on detail.

RV's financing entity is one of the earliest participants in the Life Settlement market and has been one of the most consistent and largest private portakers since 1995. They were one of the leading estate planners and producers for the most prominent Life Insurance issuers in the US throughout the 1980s and 1990s and their entry into Life Settlements was by pure accident (as in the case with most of history's innovations). No one "created" Life Settlements; they just happened.

Their entry was a result of one of his estate planning clients who had let a policy lapse due to money constraints. Concerned about his client's plight, he went and met with her to review her financial situation and he offered her a substantial sum of money on the spot. The client was amazed, as this was an option not previously open to her or anyone at that time. Leaving with the policy held in her name, and wondering aloud "what have I just done?" - this may have been the first "Life Settlement" ever transacted.

Since that date, they became active planners in helping the first wave of policies for secondary harvest. This came about as the result of many years as a prominent estate planner and seeing and analyzing the various life products on the market for the benefit of his prominent and wealthy clients. The policies that were first presented (after contestability) were from life insurers that had been strategically selected for several characteristics, one of them being the lowest cost of insurance (i.e. charges). This led to a rapid increase in policies being written across a wide spectrum of elderly in the US as they went on road-shows across America to present the Life Settlement option for increasing life insurance sales.

Since then the Financial Entity has been selected to consult, underwrite, and perform the warehousing function for numerous funds involved in the management of public employee pensions and other international investment banking engagements. They never have been a target of any regulatory inquiry or litigation.

RV's Financing Entity has provided prefunded, policy warehousing at 0% interest for the re-sale life insurance policies we offer to our clients.

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Re-Sale Life Insurance Policies

Escrow Agent

Safeguarding and preserving both a Client-participant's basis and targeted income in a re-sale life insurance policy are essential components of our program. Retirement Value, LLC assures the total safeguarding and preserving of your basis and targeted income by using an independent Escrow Agent, Kiesling, Porter, Kiesling & Free, P.C.

OUR ESCROW AGENT AS THIRD-PARTY FIDUCIARY

Retirement Value, LLC assures the total safeguarding and preserving of your money by using Kiesling, Porter, Kiesling & Free, P.C. in New Braunfels, Texas, a 40+ year-old law firm that functions as Escrow Agent to receive and process all funds for our re-sale life insurance policy cases.

The Escrow Agent also pays all premiums due on all policies and provides you on a pro-rata basis any un-used premiums remaining in escrow when the insured passes away.

All monies processed by Kiesling, Porter, Kiesling & Free, P.C. are deposited in escrow accounts held at Wells Fargo Bank, N.A. in New Braunfels, Texas.

At no time do any Client-participant funds come to, pass through, or get handled by anyone at Retirement Value, LLC. Also, participants in our re-sale life insurance program receive reports on a regular basis from Retirement Value, LLC and the Escrow Agent to verify that the proper premiums have been paid and the policies remain in-force.



Re-Sale Life Insurance Policies

"The Spread"

TOP OF "THE SPREAD" = INCOME

All death benefit pay-outs from the re-sale policies are paid to
Kiesling, Porter, Kiesling & Free, P.C. as beneficiary on your behalf.

BOTTOM OF "THE SPREAD" = EXPENSES

- Cost of buying the policy
- Ongoing premium payments to maintain the policy
- Application fees, qualified-fund accounts
- Escrow Agent fees and bank costs
- Administrative and referral fees



Re-sale life insurance policies are the "moving parts". Client-participants are paid back all of their basis plus their pro-rata portion of "The Spread", or the difference between costs and the final pay-out when an insured dies.

Your funds allow Retirement Value, LLC to purchase and to own re-sale life insurance policies that already have been sold to a private investor by the original policy owner(s) or the original insured(s). "The Spread" shows graphically how Retirement Value, LLC is able to pay you such a high rate on your funds. Pay-back of all monies in a re-sale life insurance program occurs when the insured passes away. All un-used premiums held in escrow by Kiesling, Porter, Kiesling & Free, P.C. are refunded to Client-participants.

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Midwest Medical Review, LLC Life Expectancy Certificate

DATE: 8/15/2009

PATIENT: LML789-031909-EX

SSN:

D.O.B: 9/5/1947

AGE: 61

SEX: FEMALE

PRIMARY DIAGNOSIS:

Hypertensive Heart Disease, Hypertension, Dyslipidemia, Overweight, Shortness of Breath, Colon Polyps, Dysphagia, and Osteopenia

SUMMARY OF DIAGNOSES & RISK STRATIFICATION

Subject is an 61 year old, 5' 6" 162 lb Caucasian female and to have ongoing medical diagnoses, which currently do not indicate a life threatening illness. Her medical history is significant for Hypertensive Heart Disease, Her Cardiac Conditions include Atrial Fibrillation, Postmenopausal Female, Hypertension, Overweight, Shortness of Breath, Dyslipidemia, and Inflammatory Proctitis. She has a history of Supraventricular Tachycardia following Atrial Fibrillation. She has a history of Sinus Bradycardia with Non-specific ST-T wave changes. Her ECG from 2/08 showed sinus rhythm with occasional supraventricular premature complexes and possible left atrial enlargement. Her Stress Test from 4/05 showed a maximum fraction of 72% and was negative for ischemia. She has a history of being intolerant to beta-blockers. She has a history of a Colon Polyp, Dysphagia, and Gastroenteritis. She has a history of Osteopenia which responded to therapy. She has a history of a Right Breast Lesion. She has a history of Uterine Polyps with secondary Cytococci and Rokitelski. Her Mammogram from 7/07 was with benign findings. Her Pap test from 8/07 was negative for malignancy. She has a history of Shingles. Surgical History includes Partial Vaginal Hysterectomy (2/02), Benign Biopsy with benign findings (5/06), Tonsillectomy, and Colonoscopy 8/07 Polyps. Her Lipid Studies from 7/08 include Cholesterol 224 mg/dL, Triglycerides 105 mg/dL, HDL-Cholesterol 69 mg/dL, LDL-Cholesterol 144 mg/dL, and Cholesterol/HDL-Cholesterol Risk Ratio 3.3. Her Lipid Studies from 6/07 include Cholesterol 238 mg/dL, Triglycerides 128 mg/dL, HDL-Cholesterol 58 mg/dL, LDL-Cholesterol 141 mg/dL, and Cholesterol/HDL-Cholesterol Risk Ratio 4.1. Her Lipid Studies from 7/06 include Cholesterol 271 mg/dL, Triglycerides 100 mg/dL, HDL-Cholesterol 65 mg/dL, LDL-Cholesterol 186 mg/dL, and Cholesterol/HDL-Cholesterol Risk Ratio 4.2. Family History includes Father died age 80 Coronary Artery Disease and Mother died age 80 Coronary Artery Disease. Social History includes Marijuana Use, tobacco, suggestive for tobacco and alcohol, and age appropriate exercise. Medication List includes Aspirin, Atorvastatin, Coartem, Celebrex, Folic Acid, Lipid, Omega-3, Lipitor, Welchol, Zocor, Zeta, Toprol XL, and Vitamin/Supplements. Given the Age of the Subject and her Medical Management with Compliance, her projected LE would be **21 Months** on the information. This does not mean that Ms. [Name] will not die sooner nor live longer than the time frame indicated. Clearly the factors outlined above have mortality implications.

This Review was compiled solely for [Name] and may not be used by any other company.

and may not be used by any other company.

Signature: [Signature] CLERK, V. CHANDRAN, M.D., DIRECTOR OF MEDICAL SERVICES

Please note: This Life Expectancy Certificate is provided for informational purposes only. It is not intended to be used for any other purpose. It is not intended to be used for any other purpose. It is not intended to be used for any other purpose. It is not intended to be used for any other purpose.



RETIREMENT VALUE, LLC

FOR REFERENCE ONLY:

Current. Please consult available for client authorization



Sample of a recent Report

CLIENT CODE	PLANNED INVESTMENT TOTAL (\$100,000)	ISSUER/STANDARD GAUGE	PLANNED GENDER	PLANNED AGE	PLANNED TERM	PLANNED DATE	AVAILABLE FOR INVESTMENT (\$100,000)	ANNUAL INVESTMENT (\$100,000)	PLANNED INVESTMENT (\$100,000)
11111-11111-11	\$7,000,000	LifePoint Life	MALE	75	64 months	11/15/2011	\$1,700,000	18.50%	\$8.00%
11111-11111-11	\$1,350,000	AAA Equities	MALE	75	64 months	10/15/2011	\$193,417	18.50%	81.50%
11111-11111-11	\$2,000,000	Equity Assurance	FEMALE	81	64 months	8/1/2011	\$1,121,500	18.50%	81.37%
11111-11111-11	\$3,000,000	Jefferson Pilot	FEMALE	81	64 months	10/15/2011	\$550,100	18.50%	72.81%
11111-11111-11	\$1,000,000	AAA Equities	FEMALE	82	64 months	11/15/2011	\$1,740,000	18.50%	71.80%
11111-11111-11	\$1,500,000	Jefferson Pilot	FEMALE	82	64 months	11/15/2011	\$551,500	18.50%	87.28%
11111-11111-11	\$3,000,000	Pacific Life	MALE	75	64 months	10/15/2011	\$2,042,000	18.50%	87.50%
11111-11111-11	\$2,000,000	AAA Equities	MALE	80	64 months	11/15/2011	\$1,552,500	18.50%	87.20%
11111-11111-11	\$1,000,000	Jefferson Pilot	FEMALE	82	64 months	10/15/2011	\$1,871,000	18.50%	95.00%
11111-11111-11	\$10,000,000	Pacific Life	MALE	80	64 months	11/15/2011	\$4,822,200	18.50%	82.38%
	\$28,500,000						\$16,000,000	18.50% annually or total 18 to 20%	

Unofficial copy Travis Co. District Clerk Velda L. Price



Re-Sale Life Insurance Policies

Our Management Team

Dick Gray – Founder / President / CEO

Mr. Gray has held these positions since company start-up and remains very active in guiding the re-sale presentation of the proprietary re-sale life insurance policy model he helped pioneer. Dick has helped clients make wise money decisions in hard financial times for the past 33 years and has been a licensed insurance agent for over 18 years. Personal participation in the re-sale life insurance policies for his own retirement planning reinforces his credibility when assisting numerous clients in doing the same. After earning an A. B. degree in political science and a Master of Divinity degree — and prior to the start of his business career — Dick proudly completed four years of U.S. Army active duty as a Chaplain, which included 13 months of decorated field duty in Viet Nam.

Wendy Rogers – Vice President, Administration and Services

Mrs. Rogers supervises our Client Services Department while contributing personally to the development, design and implementation of all marketing and print materials; she also coordinates all computer and information technology needs. Wendy manages the massive data accumulation an operation like ours generates and assures client privacy while providing timely on-line access for licensees and clients alike to all information needed for a satisfying business relationship. She combines 19 years of service in the insurance, financial planning, and banking industries with several years of re-sale policy sales experience. Wendy's B.S. in Agribusiness was earned at Texas A&M University – College Station, and she also has earned a Master of Business Administration.

Bruce Collins – Chief Operating Officer

Mr. Collins brings to this crucial position many years of success and achievement in the general financial services industry, including work as a registered rep, and over five years of directly-retail success within our re-sale / life settlement industry as a Master Licensee and top-level player for our product line with another company. Mr. Collins coordinates all Licensee administration, policy-making decisions, and implementing execution for all "field" staff. He currently holds a Series 62, 6, and 7 licensing. Mr. Collins resides in Grand Prairie, TX, placing him at the financial epicenter of much of the explosive growth and success at Retirement Value, LLC.

Katie Hendley – Director of Finance

Mrs. Hendley is the primary point of contact for all Licensee commission matters at Retirement Value, LLC. Ongoing administration of all commissions and invoicing of all commission payments to the Escrow Agent; coordinating development of sales hierarchies; placing client funds on the specific policies our Clients select; recommending new policies to be placed on the bouquet — these are just a few of the duties she performs efficiently and accurately. Katie holds a Bachelor of Business Administration from Texas A&M University-Kingville.

Jeremy Gray – Director of Policy Administration

Mr. Gray coordinates policy acquisition and is the point of contact between our policy supplier and Kieding, Porter, Kieding & Free, PC. He also maintains constant communications with all life insurance carriers that have issued policies that Retirement Value currently owns. He continues to negotiate premium payments to cover the cost of insurance with these carriers for each policy and invoices the premium payments through our Escrow Agent to be paid to the appropriate insurance carriers.

Diana Lewis – Manager of Client Services

Mrs. Lewis and her expanding staff "scrubs" all in-bound client paperwork sent to us by the Escrow Agent. She coordinates the flow of all communications with the Licensees, Escrow Agent, and the selected Custodian for all qualified funds. Mrs. Lewis joined our team with over 6 years of experience in the legal field with the two largest law firms in Austin, Texas, both as a Word Processing Supervisor and as a Legal Secretary in Insurance Defense Litigation.

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 find its transactions for the resale 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

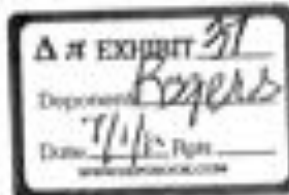
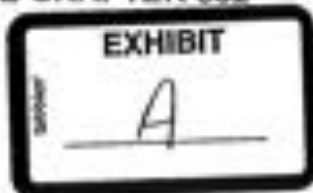
WHEREAS, Kiesling is agreeable to act as Escrow Agent upon the terms and conditions set forth in this Agreement.

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 a statement 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:

CONFIDENTIAL PURSUANT TO SECTION 28 OF SECURITIES ACT AND GOVERNMENT CODE CHAPTER 552 KPKF0026787



- 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, the 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 (i.e. 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 each wire. The fax will state the amount of the wire sent and 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 escrow policy selection form.
 - b. A copy of the "insurance booklet" 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 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 required by Kiesling.
 - h. Retirement shall review and verify the accuracy of the documents referenced in this Escrow Agreement.
5. All funds to be distributed by Kiesling shall be held in an account and 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 Participant 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 distributed 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 escrow. 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 with 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 notices 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 transfers, prepare or file reports or perform any method of research regarding laws, regulations, or laws 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 Kieseling, 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. Kieseling shall have no liability regarding any forgeries or false impersonations of any person or party in connection with the instructions delivered to Kieseling, on any or all re-sale life insurance policies, death certificates or other documents delivered to Kieseling.
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 deemed to be a security in any form, Retirement shall, at its sole cost and expense, make such declaration and then verify to Escrow Agent that such securities are properly registered or do not require registration. Kieseling 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 Kieseling to contact its attorney for approval and determination of adequacy regarding this Agreement for protection of its legal interests. No representation is made by Kieseling 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 Kieseling harmless from and indemnify Kieseling as to any liability in this regard. Retirement acknowledges and represents that it has or will have determined the suitability of an investment in its program(s) for each participant. Retirement represents to Kieseling 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. Kieseling shall have no liability in this regard.
12. Kieseling 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 Kieseling 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 Kieseling.

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 of demand from Kiesling. Kiesling shall not be liable for payment of any fees or costs not specifically disclosed on the settlement statement and not executed simultaneously therewith. Payment of any sales, withholding, state, federal, or transfer taxes (collectively "taxes") shall be made 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. Modification 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 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 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 desires 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 prepaid on a 160 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, Kieseling 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 Kieseling'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 Kieseling, the parties, or any other person. Upon commencement of an interpleader action and the deposit of all monies and documents of the parties, Kieseling 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. Kieseling's duties are limited to those specifically set forth in this agreement. Kieseling shall incur no liability to anyone except for willful misconduct so long as Kieseling acts in good faith. Retirement releases Kieseling from any act done or omitted in good faith in the performance of Kieseling duties. In the event of a conflict between these instructions and any other documents, this Agreement shall control as to Kieseling.
18. All funds received in this escrow will be deposited in an escrow account belonging to Kieseling at the Wells Fargo Bank in New Braunfels, Texas or at such other bank as is agreed to by Kieseling.
19. Unless otherwise directed, Kieseling will make all disbursements by check sent by regular U.S. mail at Kieseling'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 Kieseling 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, Kieseling will authorize Bank to invest such funds in Money Markets, Treasury Bills or other government backed securities in accordance with Retirement's instructions. Kieseling assumes no obligation, responsibility or liability with respect to such investments made in accordance with 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 Klesling 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, Klesling may destroy all records, agreements and instruments relating to such account, including all documentation and accounting information.
21. Both parties represent that Klesling is not required to obtain any licenses or permits to hold and distribute the funds in escrow as required under the Agreement. If at any time Klesling 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 Klesling by Retirement or, at Klesling's discretion, prorated among the separate policy accounts, within sixty 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 conveniently 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 a scanned copy of any instructions to Klesling, transmitted electronically or otherwise to and received by Klesling in this escrow, may be received and acted on, in Klesling's discretion, as an original.
22. Time is of the essence for these instructions.
23. This Agreement is solely between Retirement and Klesling. 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. Klesling 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 Klesling harmless from any liability in this regard.
24. As used herein, the term "re-sale life insurance policies" are defined as the 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 due 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 M. Gray
Printed Name: RICHARD M. GRAY
Title: PRESIDENT

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

By: Bob Kiesling
BOB KIESLING, President

Continuation of Participation
Revised Especially For:
Valued Participant



RETIREMENT VALUE, LLC

407 Landmark Court, Suite B
New Canaan, TX 75045

PO Box 10635
Fort Worth, TX 76131

Phone: 817-424-8888

214-825-8040

Fax: 800-455-4544

www.retirementva.com

rv@retirementva.com



Δ π EQUITY
Deposited *Kozlowski*
Date *7/1/08*
www.fidelity.com

RETIREMENT VALUE, LLC

457 Leada Street, Suite B, New Braunfels, TX 78130 • Phone: (830) 624-8858 / (310) 832-9600 • Fax: (830) 628-6644 • www.retirementvalue.com

May 21, 2009

Valued Participant
123 Any Street
Any City, TX 78130

Re: Your participation in re-sale life insurance policies

Thank you for participating in our re-sale life insurance policy program. We have processed your paperwork and have instructed the Escrow Agent to place your funds in the Escrow Sub-Account at Wells Fargo Bank, N.A. for each of the policies you selected, as listed below.

Policy Code	Face Amount	Your Participation	Base-Line Expected Income—Annual Total	Base-Line Expected Income + Original Participation
LNL77-031909-MC	\$1,500,000	\$10,000	16.5% / 96.33%	\$19,425.00
AXL77L-031909-WK	\$3,000,000	\$10,000	16.5% / 96.23%	\$19,633.00
AXA894-031909-RM	\$4,500,000	\$10,000	16.5% / 94.88%	\$19,487.50
IHL920-031909-JB	\$5,000,000	\$10,000	16.5% / 82.50%	\$18,320.00
LNL991-031909-DH	\$1,000,000	\$10,000	16.5% / 75.63%	\$17,562.50
LNL145-031909-NL	\$750,000	\$10,000	16.5% / 74.25%	\$17,425.00
MMI222-031909-BB	\$4,000,000	\$10,000	16.5% / 66.65%	\$16,462.50
LNL789-031909-EK	\$3,000,000	\$10,000	16.5% / 37.75%	\$15,775.00
OME466-031909-RL	\$2,000,000	\$10,000	16.5% / 33.00%	\$15,500.00
PAL113-031909-JB	\$500,000	\$10,000	16.5% / 50.88%	\$25,087.50
Total Participations		\$100,000		\$174,800.00

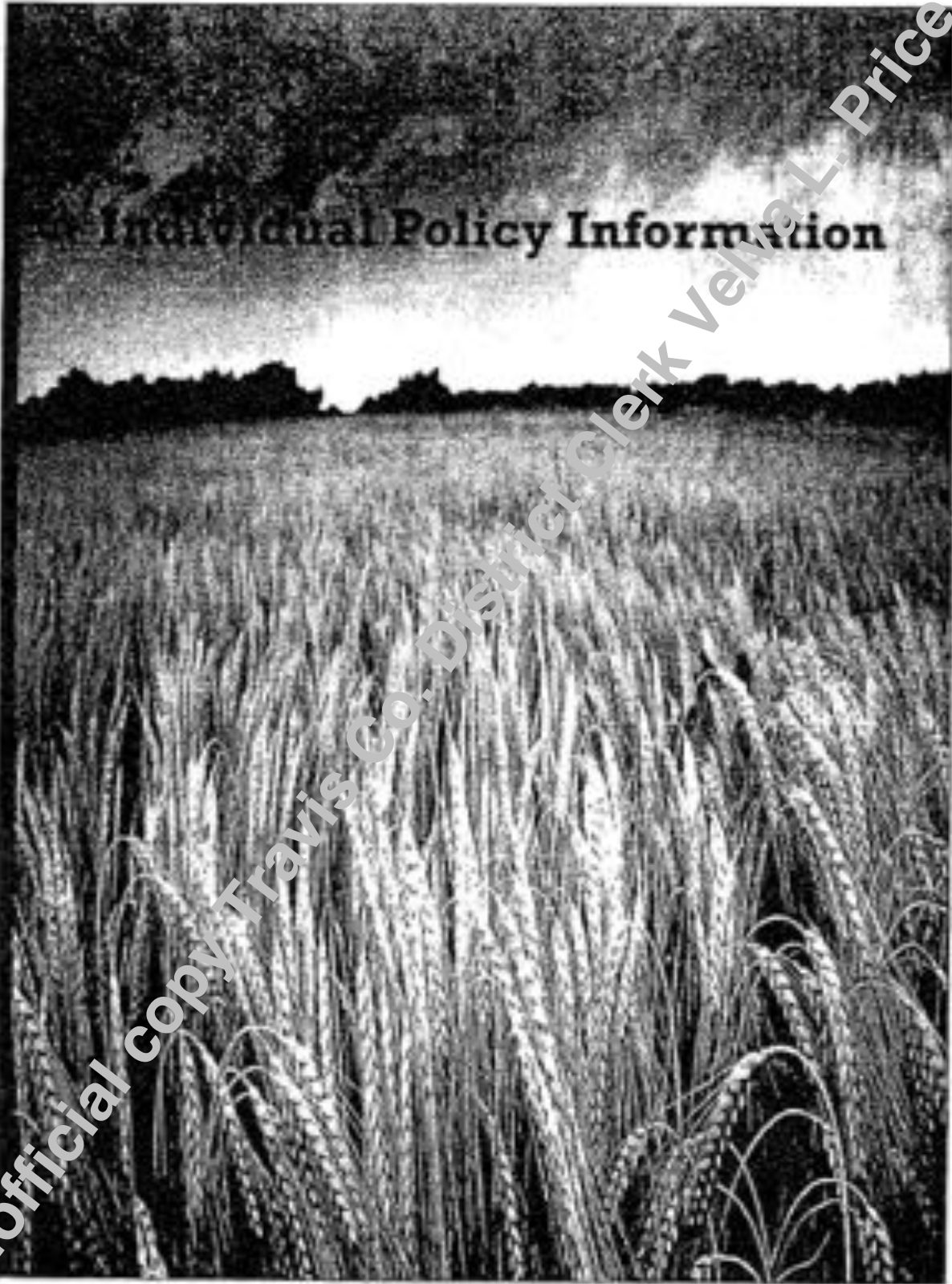
The total "base-line expected interest" to you upon all maturities - at a "base-line expected interest" rate of 16.5% simple interest annually - will be approximately \$74,800.

We are grateful for your time, your trust and your business - and value all three! If you have any questions or concerns about this program at ANY time, please immediately contact your Licensee or the RETIREMENT VALUE, LLC home-office at (830) 624-8858. We are confident you will be very pleased with your decision to participate - and, frankly, encourage you to tell your friends about us!

Sincerely,

RETIREMENT VALUE, LLC

Richard H. Gray
President / CEO



Unofficial copy Travis Co. District Clerk Vella L. Price

Individual Policy Information



Landa Street, Suite B, New Braunfels, TX 78130 • Phone: (800) 621-8818 / (512) 871-8080 • Fax: (512) 678-1646 • www.retirementvalue.com

Any and all privileged information has been removed from this sample Confirmation Package in order to fulfill Retirement Value, LLC's compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Upon completion of their agreement with Retirement Value, LLC, actual clients of Retirement Value, LLC will receive complete details of all life insurance policies they have chosen to participate in.

DL27-031909-MC
Insured's Name



RE-SALE POLICY DISCLOSURE FORM

Policy Name:
Policy Code: LNEL177-031909-MC

Escrow: #1082422A
Wells Fargo Escrow Sub-Account: #

Policy Number: IP1573177 Policy Date: 12-02-2006 Type: L

Group Policy: Yes No

If yes, Name of Group: _____
Address: _____
Phone: _____

Term Policy: Yes No

If yes, Term of Policy: _____
Person Responsible for Renewal: _____
Address: _____
Phone: _____

Insurance Company Name: Lincoln National Life Insurance Company Lincoln Financial Group

Address: PO Box 21008, Greensboro, NC, 27402

Telephone: 1-800-487-1483

Face Value of Policy: \$1,500,000

Age of Insured: 77 years

Life Expectancy (LE): 70 months

Date of Attached LE: 02/15/2002

Fixed Return: 15.50% simple, 16% Compound, less expected income*

This policy is beyond the State's 10 year contestability because:

The policy is past the 10 (1) year contestability period.

Premium Information:

Policy Premium: \$34,000.00

Terms of Premium Payment:

Monthly Quarterly Semi-Annually Annually Lump-Sum

Bank Information:

Company: First Energy Bank N.A.
Address: 1000 North Walnut Avenue, New Braunfels, TX 78130
Phone Number: (817) 625-6252
Business Description: Banking/Depository

Escrow Agent Information:

Company: Kiesling, Porter, Kiesling & Free, P.C.
Address: 248 East San Antonio Street, New Braunfels, TX 78130
Phone Number: (817) 625-7111
Business Description: Escrow Agent

Re-seller Information:

Company: Retirement Plus, LLC
Address: 457 Landis Street, Suite B, New Braunfels, TX 78130
Phone Number: (817) 624-8258
Website Address: http://www.retirementplus.com
Business Description: In the business of providing insurance products

Unofficial copy Travis Co. District Clerk Velva L. Price

NAME: [REDACTED]

Midwest Medical Review, LLC

Life Expectancy Certificate

DATE: 2/19/2009

PATIENT: LNL177-031169-60

SSN:

D.O.B.: 6/6/1932

AGE: 77

SEX: MALE

PRIMARY DIAGNOSIS:

Hypertension, Dyslipidemia, Anemia, Hypokalemia, Gastroesophageal Reflux Disease, Cholecystitis, Degenerative Disc Disease, Sacroiliitis, Osteoarthritis, Chronic Obstructive Pulmonary Disease, Prostatism, Obstruction, Nocturia, Benign Prostatic Hypertrophy, Actinic Keratosis, Seborrheic Keratosis, Allergic Rhinitis, Vertigo, and Insomnia

SUMMARY OF DIAGNOSES & RISK STRATIFICATION

Subject is a 77 year old, 5' 7" 170 lb Caucasian male found to have ongoing medical diagnoses, which currently do not indicate a life threatening scenario. His medical history is significant for Multiple Cardiac Risk Factors in the absence of Cardiovascular Disease. These include Age, Male Gender, Hypertension, Overweight, Dyslipidemia and Low HDL-Cholesterol Syndrome, Anemia, Episodic Hypokalemia, and Inflammatory Process. His ECG from 8/08 showed a normal sinus rhythm at 67. He has a history of Gastroesophageal Reflux Disease and Cholecystitis. He has a history of Chronic Obstructive Pulmonary Disease. There is one notation referring to the use of a C-pap, however no follow-up. He has Sacroiliitis, Degenerative Disc Disease having Diffuse Osteoarthritis, Sacroiliitis, and Arthralgia with Post Laminectomy Syndrome resulting in persistent neuropathic pain S/P Neurostimulator Implant. He has a history of Benign Prostatic Hypertrophy with Obstruction and Nocturia X 3 (07). He has a history of Acute Prostatitis and Sepsis for which he was hospitalized. He has a Right Renal Cyst. Additional medical history includes Allergic Rhinitis, Vertigo, Insomnia, Actinic Keratosis, and Seborrheic Keratosis. Surgical History includes Appendectomy, Cystoscopy (1/02, 3/02), Prostate Biopsy (8/07) - negative for cancer, however left apex high grade prostatic intraepithelial neoplasia, Laminectomy X 3 ('90, '92, & 1/06), and S/P Neurostimulator in his right buttock for control of his neuropathic pain secondary to post laminectomy syndrome with chronic back pain. His Lipid Studies from 8/08 include Cholesterol 136 mg/dl, Triglycerides 166 mg/dl, HDL-Cholesterol 48 mg/dl, LDL-Cholesterol 73 mg/dl, and LDL-Cholesterol/HDL-Cholesterol Risk Ratio 1.52. Laboratory Data from 8/08 includes Prostatic Specific Antigen 1.1 ng/ml. His Lipid Studies from 7/07 include Cholesterol 142 mg/dl, Triglycerides 87 mg/dl, HDL-Cholesterol 49 mg/dl, LDL-Cholesterol 75 mg/dl, and LDL-Cholesterol/HDL-Cholesterol Risk Ratio 1.54. His Lipid Studies from 3/02 include Cholesterol 200 mg/dl, Triglycerides 121 mg/dl, HDL-Cholesterol 43 mg/dl, LDL-Cholesterol 133 mg/dl, and Cholesterol/HDL-Cholesterol Risk Ratio 4.7. Laboratory Data from 3/02 includes Glucose 118 mg/dl. Social History includes Married with 2 children, Retired Banker, Real-Estate Investor, and non-user of tobacco and alcohol. Family History is not available. Medications Listed include Lisinopril, Amlodipine, Gabapril, Lyrica, Meclizine, Flomax, Viagra, Tagamet, Ketoconazole,

Zocor, Pravast, Nexium, Lotarepan, Pritel, Vioxx, Celebra, and Vicodin. Given the Age of the Subject and his Medical Management with Compliance, his projected LE would be 20 Months on available information. This does not mean that Mr. [redacted] will not die sooner nor live longer than the time frame indicated. Clearly the factors outlined above have mortality implications.

This Review was compiled solely for other company.

and may not be used by any

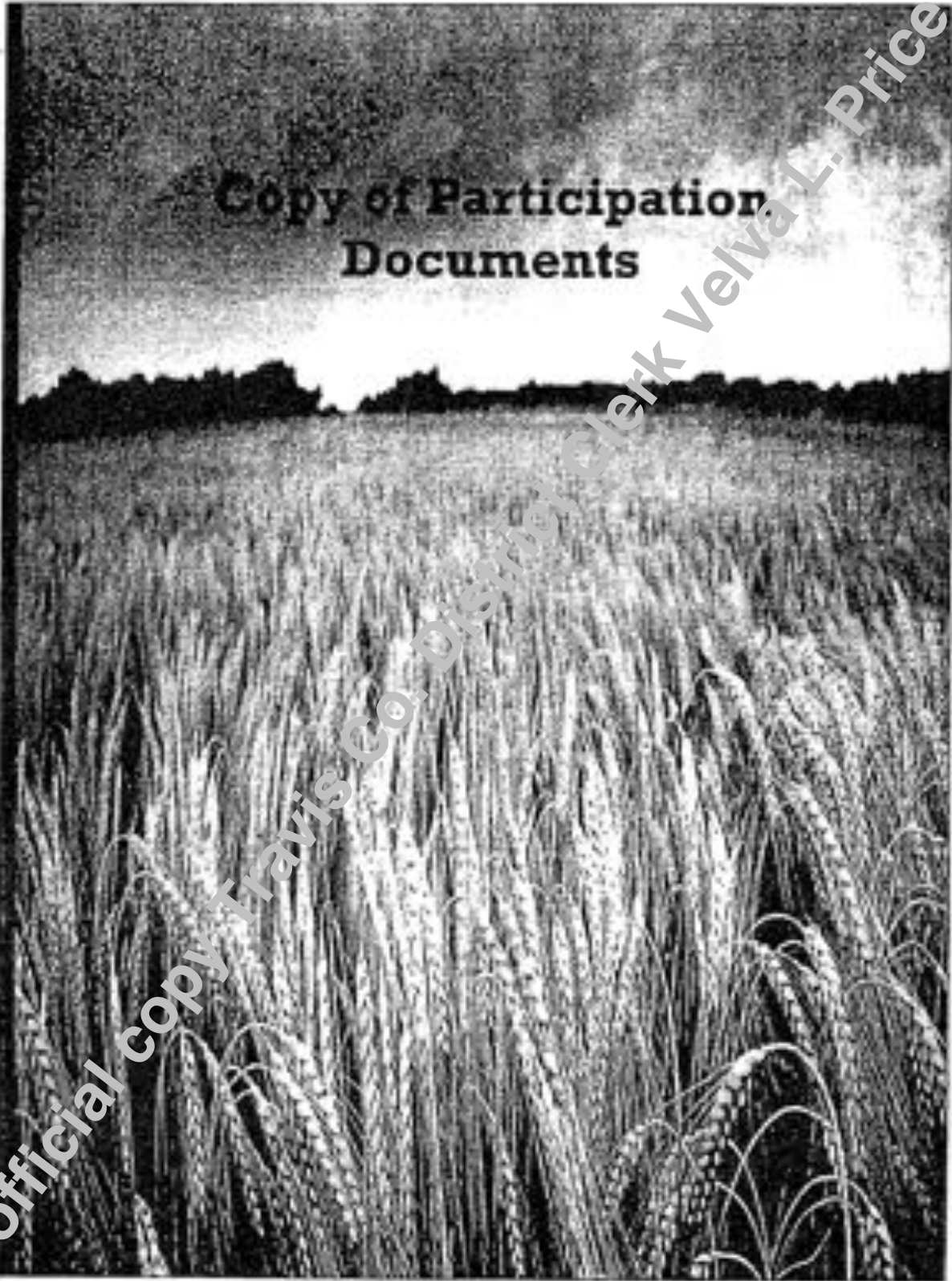
Chapman

Signed: GLENN S. CHAPMAN, M.D., DIRECTOR OF MEDICAL REVIEWS

Please note: A LE Estimate cannot be precisely determined for any specific patient, but rather is the average life expectancy of a large group of patients with similar clinical and individual profiles. We can not guarantee or warrant the accuracy of any patient's specific life expectancy. The information contained in this document is privileged and confidential information for the use of the individual or entity named.

Unofficial copy Travis Co. District Clerk Velda L. Price

**Copy of Participation
Documents**



Unofficial copy Travis Co. District Clerk Velva L. Price



417 Linda Street, Suite B, New Bremen, OH 43056 • Phone: (633) 624-8858 / (714) 622-8000 • Fax: (633) 624-1644 • www.retirementvalue.com

Check List for Qualified Funds Loan Agreement

Complete set of documents found online through Retirement Value, LLC

- _____ 1. IRA Owner's Loan Agreement
- _____ 2. IRA Owner's Policy Participation Agreement and Exhibit A
- _____ 3. IRA Owner's Suitability Form
- _____ 4. Loan Disclosure Acknowledgment
- _____ 5. Limited Power of Attorney (IRA Owner for RV, "LPA")
- _____ 6. Special Power of Attorney (IRA Owner or Successor)
- _____ 7. Wiring Instructions
- _____ 8. Refer to Current 10-Case Process Worksheet to verify amount of participation available for Client (download worksheet from www.retirementvalue.com website)

Items to be included from IRA Owner (includes completing forms):

- _____ 9. 155% copy of Driver's License or other government-issued PHOTO ID (attach front & back - if current address is different, a letter of explanation is required)
- _____ 10. Current (within 90 days) recent statements from CURRENT Custodian(s)
- _____ 11. Custodial paperwork - **EITHER** IRA PLUS SOUTHWEST, LLC or PROVIDENT GROUP
- _____ 12. All loan proceeds (both checks & wire transfers) are made payable to (IRA Plus Southwest, LLC, FBO IRA Owner's Name IRA # _____ or Provident Group, FBO IRA Owner's Name IRA # _____)

[Please fill out all forms completely and call with any questions - (633) 624-8858]



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LOAN AGREEMENT

Individual Retirement Account

Effective Date: _____
(through Retirement Value, LLC will do)

This Agreement is being entered into by and between:

Retirement Value, LLC, a Texas limited liability company, whose principal address is 457 Lande Street, Suite B, New Braunfels, Texas 78130 (mailing address: P.O. Box 10635, New Braunfels, Texas 78131-0635) (hereinafter referred to as "Agent")

AND

Individual Retirement Account # _____ ("Lender") maintained for
The benefit of _____ ("IRA Owner")
(Name of IRA Owner)

Address: _____

Phone: _____ Cell: _____ Fax: _____

E-mail address: _____

Custodian of Record ("Custodian"): (check one)

IRA Plus Southwest, LLC, whose mailing address is 8226 Douglas Avenue, Suite 332, Dallas, TX 75225 and whose telephone number is (800) 473-1977; or

Provident Group, whose address is 7345 S. Durango Drive, Suite B107-356, Las Vegas, Nevada 89113 and whose telephone number is (702) 434-0923.

The amount loaned in the sum of _____
(write out amount)

WHEREAS, Agent is in the business of purchasing and being sole owner of re-sale life insurance policies acquired from various re-sale life insurance policy sources;

WHEREAS, the IRA Owner has reviewed and authorized an Agreement for a non-recourse Loan from IRA Owner's Individual Retirement Account for use by Agent in acquiring, purchasing and being sole owner of a certain re-sale life insurance policy or policies;

WHEREAS, IRA Owner approves and adopts the standard(s) used by Agent to evaluate, qualify, acquire, purchase and solely own a re-sale life insurance policy or policies;

WHEREAS, IRA Owner approves of collateralizing the Loan with a pro-rata death benefit in IRA Owner-selected re-sale life insurance policy or policies solely owned by Agent;

WHEREAS, IRA Owner understands and agrees that Loan proceeds used by Agent and the process followed by Agent in acquiring, purchasing and becoming sole owner of a re-sale life insurance policy or policies is not considered to be a security. Therefore, IRA Owner authorizes a Loan for the purposes outlined herein which in no way is considered or construed to be participating in any type of security.

NOW, THEREFORE, all Parties wish to enter into a mutual agreement by which the Agent will accept Loan proceeds from the Lender through an Individual Retirement Account for use in acquiring, purchasing and being sole owner of a re-sale life insurance policy or policies, said Loan proceeds to be collateralized with a pro-rata death benefit in one or more re-sale life insurance policies pursuant to the IRA Owner's authorization set forth in the Loan Agreement(s) and IRA Owner's Policy Agreement(s).

General Disclosure and Terms of Loan

1. Lender is entering into a Loan Agreement whereby Lender will Loan to Agent certain funds from an Individual Retirement Account of which the IRA Owner is the beneficial owner, said Loan proceeds to be used by Agent to acquire, purchase and be sole owner of a re-sale life insurance policy or policies and for which a law firm of Kiesling, Porter, Kiesling & Free, P.C., 348 East San Antonio Street, New Braunfels, Texas 78130 (hereinafter referred to as "Escrow Agent") will become the Escrow Agent. Pursuant to the Loan Agreement, Lender will disburse to the Escrow Agent certain funds to be collateralized with a pro-rata death benefit based on the combined value of the Loan and a base-line projected income. This Loan will fund the following activities: (a) purchase of a re-sale life insurance policy or policies by Agent; (b) payment of premiums by the Escrow Agent to maintain at all times the in-force status of the re-sale life insurance policy or policies after purchase; (c) payment of administrative costs and fees associated with this transaction, including a "death tracking" service, commissions, escrow agent and bank fees and interest payments as needed.

2. The person whose life insurance policy has been sold is called the Insured and this person remains the Insured on a re-sale life insurance policy but no longer is the beneficiary for that policy. The Insured and his / her designated beneficiaries have given up all rights and interest in the death benefit of the re-sale life insurance policy or policies.

Re-sale life insurance policies are policies that already have been sold on the open market by the original Insured or the original owner, with the Agent as the new policy owner purchasing the death benefit of a life insurance policy at a discount to the "face value" or death benefit of the

policy; said purchase usually made from another investor / owner and not directly from the Insured or original owner. In a re-sale life insurance policy agreement, the Insured typically is of advanced age with a Life Expectancy ("LE") of between 3 and 10 years. This document will refer to these transactions collectively as "re-sale life insurance policies".

4. IRA Owner may instruct Lender to Loan funds to facilitate the purchase of an IRA re-sale life insurance policy, to participate in only one policy, or spread the Loan proceeds over several policies. If this Loan funds the acquisition, purchase and sole ownership by Agent of more than one policy, it is understood that the Agent may obtain the balance of the purchase price and other associated costs, fees and expenses from additional Client-Participants and/or IRA Owners. When the Insured passes away, Custodian on behalf of the Lender will receive back: all of the original loan, the base-line expected interest for the Loan, and any pro-rata reduction of unexpended premium funds associated with the policies acquired because of this Loan.

5. Agent will collateralize this Loan by giving Lender an irrevocable pro-rata death benefit in each re-sale life insurance policy outlined in the IRA Owner's Policy Agreement, said death benefit portion being equal to the original Loan proceeds plus a base-line expected interest payment determined by the Life Expectancy of each Insured. This collateralized value is maintained by and administered for each Lender by the Escrow Agent with the policy proceeds due to the death of the Insured. Understand it is possible that at the time the Loan is extended for any re-sale life insurance policy, said policy may have been fully subscribed. In this situation, Agent will notify Lender through the Custodian, IRA Owner, and IRA Client-Participants. Immediately and will, pursuant to the terms of the IRA Owner's Policy Participation Agreement, offer Lender an opportunity to provide Loan proceeds for a policy of a similar or greater total value based on the policy face amount and the Life Expectancy of the Insured.

6. Understand that no one can predict with 100% accuracy the actual LE of any Insured. Some factors that may affect the accuracy of the prediction are: (a) the experience and qualification of the medical personnel setting the LE; (b) the nature of the Insured's illness(es) or health condition(s); (c) future developments in medical treatment(s) and cures. In this context, the net Loan interest may vary substantially from the base-line expected interest because true net interest would be higher if the Insured passed away earlier than the expected LE or it would be lower if the Insured passed away later than the expected LE. If the Insured passes away earlier than expected, the Lender will receive on behalf of the IRA Owner for redeposit in the Individual Retirement Account a pro-rata refund of the escrow amounts which were not used from the Loan to pay premiums.

7. This Loan transaction may have tax consequences for IRA Owner and the Individual Retirement Account. IRA Owner is authorizing Lender to Loan a sum of money upon which Agent will pay a base-line expected interest in accordance with the IRA Owner's Policy Agreement. The net interest credited by this Loan will be paid to the Lender when the re-sale life insurance policy or policies mature due to the death of the Insured. IRA Owner will need to consult with a tax advisor regarding this Loan so there is complete understanding of the tax implications of this Loan transaction.

Money used for the Loan in this program are not liquid during the entire term as outlined in the IRA Owner's Policy Agreement. Therefore, great care should be exercised and great caution

observed in determining a proper, balanced Loan amount for use in this re-sale life insurance program transaction.

9. Please note, especially, that if IRA Owner passes away during the term of the Loan Agreement, the beneficiary(ies) or contingent beneficiary(ies) of the Individual Retirement Account will inherit/acquire the Loan Agreement - but said Loan Agreement remains in-force until maturity due either to: (a) the passing of the Insured or (b) pay-out by the insurer. This Loan Agreement ~~never~~ results in a "cash disbursement" to any beneficiary(ies) or contingent beneficiary(ies) until maturity. The death of the Insured - ~~not~~ the death of the IRA Owner - determines the maturity date of this Loan Agreement and it is the obligation of IRA Owner to so inform all beneficiary(ies) and contingent beneficiary(ies).

10. Whenever maturity occurs due to the passing of the Insured, even if the Insured's passing is prior to the expiration of the calculated LE, the Loan Agreement will result in the Individual Retirement Account receiving a full return of all the original Loan amount plus all promised base-line expected interest. Example: if the entire term of the Loan Agreement is 48 months and the policy matures after 12 months due to the death of the Insured, not with the original Loan amount, the full 48-month interest accrual will be paid to the Lender, not as a pro-rata share of any unused premiums remaining in the policy escrow sub-account.

11. In the event that the Insured lives beyond the LE expectancy plus another twenty-four (24) months and in the unlikely event that the policy escrow sub-account managed by the Escrow Agent becomes depleted, then upon the depletion of all premium-paying escrow sub-account it may become necessary to contact the Lender through the Custodian and the IRA Owner to have IRA Owner authorize Lender to pay to the Escrow Agent, on a pro-rata basis, future premiums that may become due until the Insured passes away. This not sufficient funds must be allocated within the Individual Retirement Account to not not but possible future need. These additional premium payments are not part of the not an amount and will not be paid back at maturity.

INITIALS

IRA Owner Initials

12. Since this Loan is made from an Individual Retirement Account, IRA Owner may want to consult with a tax advisor or a Custodian regarding additional amounts to be advanced if the Insured lives beyond the LE expectancy and future pro-rata premium payments must be made to keep the re-sale life insurance policy or policies from lapsing. It may be necessary for IRA Owner to retain some reserves in the Custodial Account to pay possible future premiums.

13. The Agent is a viable company whose business activities include the purchase of re-sale life insurance policies. Agent has no prior knowledge of IRA Owner's investment experience or IRA Owner's financial wherewithal to approve this Loan transaction. The IRA Owner's decision to enter into this transaction will be based on his/her own independent investigation; still, Agent takes the following specific steps to safeguard the Loan funds:

- (a) Only insurance carriers rated "A+" or better by A.M. Best are used for this re-sale life insurance loan program;
- (b) All Loan proceeds are maintained by or pass through the Escrow Agent and are deposited in a cash or cash equivalent account with Wells Fargo Bank, N.A., 1000 North Walnut Street, New Braunfels, Texas 78130 (hereinafter the "Escrow Account") in an FDIC-insured account, to be used for the purpose of enabling Agent to purchase a re-sale life insurance

policy or policies owned solely by the Agent; the payment of premiums and other necessary payments peculiar to the Agent taking ownership of a policy. Notwithstanding, re-sale life insurance policies are not endorsed by any bank; outcomes are not guaranteed by any bank; and this is not an FDIC-insured financial transaction.

- (c) Loan proceeds used by Agent to purchase a re-sale life insurance policy or policies noted in the IRA Owner's Policy Agreement are transferred to and exclusively handled by Pacific Northwest Title Company of Oregon, 111 Southwest Columbia Avenue, Suite 200, Portland, Oregon 97201.
- (d) Monies accumulated for paying all premiums due for a re-sale life insurance policy or policies owned by Agent are maintained in escrow sub-accounts at Wells Fargo Bank, N.A. and administered by the Escrow Agent.
- (e) Interest from all Escrow Accounts will be the property of the Agent, being part of the Agent's fee structure and will not be owned by or distributed to Lender for re-deposit in IRA Owner's Individual Retirement Account.
- (f) Agent or its Escrow Agent will not in any way use Loan proceeds in any manner whatsoever other than what is directed by the IRA Owner.

14. IRA Owner hereby represents and warrants to Lender that IRA Owner is sufficiently sophisticated in financial matters of this type to make an independent, informed, wise and balanced decision to participate in a Loan involving the re-sale life insurance policy. IRA Owner further represents and warrants that this re-sale life insurance policy has been fully reviewed with his / her Retirement Value, LLC Licensee. IRA Owner further represents and warrants that he / she has access to professional investment advice and adequate means of providing for current and future financial needs and possible contingencies; has no need for liquidity in this Loan; is able to bear the risk of a Loan in a policy or policies for an indeterminate period of time; could afford a complete loss of the Loan; and is willing to a Loan amount which bears a reasonable relationship to IRA Owner's net worth.

IRA Owner to initial

INITIALS

Affirmation of Representations of IRA Owner

1. IRA Owner hereby certifies that he / she has read and understands the above. IRA Owner further hereby certifies that _____ (Licensee) has explained fully this Loan Agreement for a re-sale life insurance policy and all associated risks.

2. IRA Owner further acknowledges that he / she has carefully examined his / her financial resources, investment objectives, and tolerance for risk and that after considering the benefits and risks associated with this Loan Agreement, freely authorizes and directs the Lender to execute this transaction with Agent using funds from an Individual Retirement Account.

3. IRA Owner has been given the opportunity to ask questions of and receive answers from Agent concerning the terms and conditions of this Loan Agreement and any other matters pertaining to this transaction, and IRA Owner has had the opportunity to obtain such additional data necessary to verify the accuracy of the information contained herein and satisfy his / her due diligence efforts in this transaction in order for him / her to evaluate the merits and risks of this Loan Agreement.

IRA Owner further represents that he / she fully understands the risks associated with this transaction either by independent analysis or as explained by one or more professionals, trusted financial advisors and / or attorneys not affiliated with or in any way associated with or compensated by Agent or its affiliates.

Loan Agreement
Revised 01/2008

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5. IRA Owner further represents that he / she has adequate means to provide for his / her current and future financial needs and personal contingencies; that he / she has no need for liquidity in the participation of this transaction and that he / she is able to bear the financial risk described in this Loan Agreement for the determined period of time; that he / she has had adequate time to seek legal, tax and investment advice.

6. IRA Owner will maintain the confidentiality of all medical and insurance information received in connection with Agent's purchase and sole ownership of the re-sale life insurance policy or policies at issue in this transaction.

7. IRA Owner understands and agrees that the Loan Agreement and the IRA Owner's Policy Agreement are of a "buy and hold" nature; that there is no offer made or any offer implied of liquidity during the entire period of the Loan Agreement or the IRA Owner's Policy Agreement; that Agent offers no buy-back guarantee; that the IRA Owner understands that even upon his / her death, a contingent beneficiary(ies) "inherit(s)" the Loan Agreement and the IRA Owner's Policy Agreement but must wait for its full maturity before realizing any "cash" distribution from this re-sale life insurance policy Loan.

8. IRA Owner represents and warrants that this Loan Agreement is executed by Lender at the instruction of and with the approval of IRA Owner for his / her exclusive gain through an Individual Retirement Account and that IRA Owner will not sell, assign or distribute this Loan Agreement to any other person or entity.

9. IRA Owner represents and warrants that he / she has not relied on Agent for any legal, tax or investment advice for this Loan Agreement other than expressly stated, inferred or assumed. IRA Owner further represents and warrants that he / she has such knowledge and experience in financial, investment and business matters in general that he / she is capable of evaluating the risks and merits before entering into this Loan Agreement and directing Lender to complete this transaction with Agent.

10. IRA Owner shall rely exclusively and only on any statements, representations or warranties, whether verbal or written, made by Agent, its Licensees or employees, with respect to his / her decision to execute this Loan Agreement.

11. IRA Owner further represents that the information contained herein is true, complete and accurate and may be relied on by Agent in entering into the transaction described herein.

Mutual Agreement

The parties agree that this transaction will be construed under the laws of the State of Texas, without regard to choice-of-law rules of any jurisdiction. IRA Owner and Agent agree that all claims, disputes, controversies, differences or other matters in question arising out of the relationship between IRA Owner and Agent (and its officers, directors, agents and / or employees), whether related to the Loan Agreement, IRA Owner's Policy Agreement, or otherwise shall be settled finally, completely and conclusively by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, by one or more arbitrator, chosen in accordance with the Rules. The decision of the arbitrator(s) shall be final and binding on all parties. Any arbitration held in accordance with this paragraph shall be private and confidential. On request of either party,

the record of the proceeding shall be sealed and may not be disclosed except insofar, and only insofar, as may be necessary to enforce the award of the arbitrator(s). The prevailing party shall be entitled to recover all reasonable and necessary attorney's fees and costs from the non-prevailing party.

Acknowledged by:

AGENT:

RETIREMENT VALUE, LLC
a Texas limited liability company

Manager's signature

Print Manager's name

IRA Owner:

IRA Owner's Release Authorization for:

Traditional IRA Roth IRA SEP IRA Simple IRA Beneficiary IRA (select one)

IRA Owner's signature  Social Security # ____ / ____ / ____

Print IR Owner's Name Date of birth: Month ____ Day ____ Year ____

Date: _____ Place of birth: _____
City & State or City & Country (if not U.S.)

Photo ID type: _____

Photo ID number: _____

Expires on: Month ____ Day ____ Year ____



457 Lamb Street, Suite B, New Braunfels, TX 78130 • Phone: (832) 424-8338 / (714) 832-9246 • Fax: (832) 424-8546 • www.retirementvalue.com

IRA OWNER'S POLICY PARTICIPATION AGREEMENT

Effective Date: _____
(Month/Day/Year)

IRA FUNDS ONLY:

USDS _____
(total loan amount)

This IRA Owner's Policy Participation Agreement (hereinafter referred to as "Agreement"), effective no earlier than the date fully executed by all Parties (hereinafter referred to as "Effective Date"), is being entered into by and between Retirement Value, LLC, a Texas limited liability company, whose principal address is 457 Lamb Street, Suite B, New Braunfels, Texas 78130 (mailing address: P.O. Box 310635, New Braunfels, TX 78131-0635) (hereinafter referred to as "Agent"), and

IRA Owner's name: _____

IRA Owner's address for service of this Agreement: _____

(hereinafter referred to as "IRA Owner"). Collectively, Agent and IRA Owner are referred to herein as "the Parties."

Recitals

The Parties hereby enter into a Loan Agreement under which the IRA Owner authorizes the Lender to extend a Loan to the Agent for the purpose of acquiring, purchasing and solely owning resale life insurance policies. The IRA Owner is entitled to select policies from the list of resale life insurance policies Agent will acquire, purchase and own using the Loan proceeds released from IRA Owner's Individual Retirement Account in which IRA Owner will hold an irrevocable pro-rata death benefit interest in for the use of said Loan by the Agent. IRA Owner has appointed Agent as his / her agent and authorized-in-fact to assist in consummating this Loan transaction approved by the IRA Owner.

In consideration of the mutual covenants set forth herein and other good and valuable consideration, the receipt of which is acknowledged, the Parties agree as follows:

SECTION 1
EFFECTIVE DATE

- 1.1 **Effective Date.** This Agreement shall not be effective until Loan proceeds are transferred from the IRA Owner's Individual Retirement Account, received into the Master Escrow Account maintained by Escrow Agent at Wells Fargo Bank, N.A., in New Orleans, Texas, and the Agreement has been approved by Agent on a reasonable and diligent basis.

SECTION 2
AGENT'S RIGHTS AND OBLIGATIONS

- 2.1 During the Term of this Agreement, Agent shall:
- (a) provide to IRA Owner and Custodian all documents and information pertinent to the use of the Loan by Agent;
 - (b) provide a copy of this Agreement to the IRA Owner and Escrow Agent; and
 - (c) create and maintain accurate records of the Loan by Agent and Custodian, and from time to time, as appropriate, provide reports to both IRA Owner and Custodian.
- 2.2 **No Additional Duties.** Except as set forth in Paragraph 2.1, Agent shall have no other duties or obligations to IRA Owner or Custodian other than to use reasonable efforts to assist IRA Owner and / or Custodian if requested.
- 2.3 **Right to Grant Security Interests.** Agent may grant to additional client-participants and additional IRA Owners a fractional participation in the re-sale life insurance policy, provided that Agent will not allow the combined fractional participation to exceed the face amount or death benefit of the re-sale life insurance policy.

SECTION 3
IRA OWNER'S RIGHTS AND OBLIGATIONS

- 3.1 **IRA Owner's Loan Protection.** IRA Owner's Loan shall be collateralized and protected with an irrevocable pro-rata death benefit in each re-sale life insurance policy acquired by Agent using Loan proceeds approved by IRA Owner and advanced by Lender. Said irrevocable pro-rata death benefit shall be detailed and set forth in Exhibit A, attached hereto.
- 3.2 **The investment is a life insurance contract.** The Agent alone shall have complete and sole ownership of each and every re-sale life insurance policy enumerated in Exhibit A, each such re-sale life insurance policy acquired and purchased by using the Loan proceeds authorized by the IRA Owner. No part of this Loan transaction ever gives the Individual Retirement Account ownership in any re-sale life insurance policy. This Loan transaction intends

always to honor and has been specifically constructed to honor the U.S. Tax Code Sec. 408(a)(3) prohibition against Individual Retirement Accounts being invested in life insurance contracts.

- 3.3 **Settlement.** Upon maturity of each selected re-sale life insurance policy at the death of the Insured, Lender on behalf of IRA Owner will receive a settlement from the Escrow Agent consisting of: (a) a full refund of all original net Loan proceeds; (b) payment of all earned interest for the use of the funds until policy maturity; and (c) a pro-rata refund of any unused premiums from the escrow sub-account for each policy at Wells Fargo Bank, N.A.
- 3.4 **Payment Terms.** Terms of payment are as provided in the Loan Agreement currently in effect between the Parties.
- 3.5 **Associated Costs.** IRA Owner acknowledges that all Loan proceeds will be used to cover all costs associated with the acquisition, purchase and sale of, or by Agent of a re-sale life insurance policy or policies, to include cost of purchase of the re-sale life insurance policy; paying premiums on the re-sale life insurance policy; and paying administrative costs and any other fees associated with the re-sale life insurance policy, including commissions.
- 3.6 **Confidentiality.** IRA Owner agrees not to disclose any identifying information about the Insured to any person except as necessary to allow Agent to execute the Loan Agreement and Policy Agreement.
- 3.7 **No Contact With Insured.** IRA Owner agrees not to contact the Insured third party named in the re-sale life insurance policy and acknowledges that, under Texas law, only Agent (if Agent is a Provider), or the Agent's representative, can contact Insured parties to determine health status.
- 3.8 **Additional Premiums if Necessary.** In the event of the depletion of the premium-paying escrow sub-account, IRA Owner will be requested to authorize Lender to advance additional monies on a pro-rata basis to help pay future premiums until the Maturity Date. IRA Owner's failure to authorize such additional monies under these circumstances will result in total forfeiture of IRA Owner's interest in the re-sale life insurance policy or policies and will result in the loss of both the full, initial Loan proceeds as well as expected interest payments on the Loan. Agent will thereafter have the right to offer IRA Owner's interest in the re-sale life insurance policy or policies to another person for payment of the necessary premium contribution amount.
- 3.9 **Waiver of Right to Disclosure.** IRA Owner waives any right of disclosure that IRA Owner may possess from Agent relating to Agent's fees paid to its policy supplier, any broker, attorney, and / or necessary service company(s), accountant(s) or consultant(s) in the acquisition of the re-sale life insurance policy.

SECTION 4
IRA OWNER'S ACKNOWLEDGEMENTS

4.1 IRA Owner agrees and acknowledges that:

- (a) fees and commissions paid to Agent for the acquisition and performance of purchasing and re-selling the re-sale life insurance policy are included in the IRA Owner's Initial Loan proceeds;
- (b) any interest gained from the aggregate of IRA Owner's Loan proceeds in the Escrow Account(s) will become the property of Agent and become part of Agent's fees for assisting in the acquisition of the re-sale life insurance policy;
- (c) all re-sale life insurance policies that are the subject matter of this IRA Owner's Policy Agreement are of a "buy and hold" and "hold to maturity";
- (d) in the event of IRA Owner's death, the rights under the Loan Agreement and IRA Owner's Policy Agreement shall transfer to IRA Owner's Individual Retirement Account beneficiary(ies) and/or contingent beneficiary(ies), but those beneficiaries must wait for the Maturity Date before receiving any "cash distribution" from said Account;
- (e) IRA Owner will receive a prompt death benefit settlement of any and all proceeds paid under the terms of the re-sale life insurance policy upon the death of the Insured(s) named in the re-sale life insurance policy ("Maturity");
- (f) Agent has not provided or guaranteed any of the following: (i) a specific interest on Loan proceeds; (ii) a specific amount to be paid to the IRA Owner's Individual Retirement Account; (iii) a "buy back" guarantee, or (iv) a specific date of Maturity; and
- (g) IRA Owner has reviewed the re-sale life insurance policy confidential information and has agreed to authorize a Loan from his / her Individual Retirement Account to permit the Agent to acquire, purchase and become sole owner of the re-sale life insurance policy or policies enumerated in Exhibit A.

SECTION 5
MISCELLANEOUS

5.1 Governing Law. The rights and obligations of the Parties under this Agreement shall be governed by and construed in accordance with laws of the State of Texas, without reference to conflicts of law principles.

- 5.2 **Venue.** Venue for any lawsuit arising out of this Agreement shall be in Coral County, Texas and, in the case of federal jurisdiction, in the United States District Court for the Western District of Texas, San Antonio Division.
- 5.3 **Amendment.** The terms and conditions of this Agreement may only be amended by a writing signed by the Parties.
- 5.4 **No Waiver.** Except as expressly provided herein, the rights and remedies herein provided shall be cumulative and not exclusive of any other rights or remedies provided by law or otherwise. Failure by a Party to detect, protest, or remedy any breach of this Agreement shall not constitute a waiver or impairment of any such term or condition, or the right of such Party at any time to avail itself of such remedies as it may have for any breach or breaches of such term or condition. A waiver may only occur pursuant to the express written permission of an authorized officer of the Party against whom the waiver is asserted.
- 5.5 **Severability.** In the event any term, condition, or provision of this Agreement is declared or found by a court of competent jurisdiction to be illegal, unenforceable, or void, the Parties shall endeavor in good faith to agree to amend this Agreement that will preserve, as far as possible, the intentions expressed in this Agreement. If the Parties fail to agree on such amendments, such invalid term, condition, or provision shall be severed from the remaining terms, conditions, and provisions, which shall continue to be valid and enforceable to the fullest extent permitted by law.
- 5.6 **Assignment.** Except as otherwise provided herein, neither this Agreement nor any rights granted hereunder may be assigned or otherwise transferred by any Party, in whole or in part, whether voluntarily or by operation of law. Subject to the foregoing, this Agreement will be binding upon and enforceable against the Parties and their respective successors and assigns.
- 5.7 **Notice.** Any notice given or permitted under this Agreement or required by law must be in writing and (i) delivered in person, (ii) sent by registered or certified mail, postage prepaid, or (iii) sent by facsimile, and addressed as follows:

To IRA Owner:
 Use address for IRA Owner as specified on Page 1 of this Agreement.

To Agent:
 Retirement Values, LLC
 457 Landis Street, Suite B
 New Braunfels, Texas 78130

Mailing Address:
 Retirement Values, LLC
 P.O. Box 310635
 New Braunfels, Texas 78131

Fax: (866) 498-4544

Unofficial copy Travis Co. District Clerk Yelva L. Price

Either Party may amend its address by written notice to the other Party in accordance with this section. Notices will be deemed to have been given at the time of actual receipt.

5.8 **Defined Terms.** The terms defined herein remain the same as those defined in the Loan Agreement which is part of this Loan transaction.

5.9 **Entire Agreement.** This Agreement sets forth the entire Agreement and understanding between the Parties and supersedes and cancels, revokes, and nullifies all previous negotiations, agreements, and commitments, whether oral or in writing with respect to the subject matter described herein, and neither party shall be bound by any term, clause, provision, or condition save as expressly provided in this Agreement or as duly set forth in writing as a subsequent amendment to this Agreement, signed by duly authorized officers of each Party.

IN WITNESS THEREOF, the undersigned have signed this Agreement as of the Effective Date.

IRA OWNER:

REDEMPTION VALUE, LLC



IRA Owner's signature

RV, LLC Manager's signature

IRA Owner's printed name

RV, LLC Manager's printed name

Date signed by RV, LLC Manager:

(Agreement "Effective Date")

Licensee Information:	
Name: _____	Licensee Number: _____
Cell: _____	Fax: _____

RETIREMENT VALUE, LLC

EXHIBIT A

FBO IRA # _____
 OF _____ ("IRA Owner")

Irrevocable Co-Beneficial Interest to Pretest Loan Proceeds

IRA Owner desires to _____ consent to acquire, purchase and become sole owner of certain re-sale life insurance policies and will participate by loaning _____ Dollars (US\$) and agrees to participate with _____ to cover all costs associated with the following re-sale life insurance policies to be owned by Agent:

EX, LLC Policy Code	Policy Face \$	Interest Rate	Term	IRA Loan	Rate	Term	Total Income	Value at Maturity
LVK177-011909-MC	\$1,500,000	70 months	16.5%	\$0.00	16.5%	16.5%	\$0.00	\$0.00
AGL73-011909-WK	\$3,000,000	American Select	60 months	\$0.00	16.5%	16.5%	\$0.00	\$0.00
AAA004-011909-FM	\$4,500,000	AAA Equitable	60 months	\$0.00	16.5%	16.5%	\$0.00	\$0.00
MMR993-011909-ME	\$1,500,000	MetLife Mutual	60 months	\$0.00	16.5%	16.5%	\$0.00	\$0.00
AGL96L-011909-LB	\$750,000	American Select	60 months	\$0.00	16.5%	16.5%	\$0.00	\$0.00
THA281-011509-PL	\$1,500,000	Transamerica	60 months	\$0.00	16.5%	16.5%	\$0.00	\$0.00
PHG281-011509-A3	\$5,000,000	ING	60 months	\$0.00	16.5%	16.5%	\$0.00	\$0.00
AREB52-031909-HD	\$5,000,000	American Select	60 months	\$0.00	16.5%	16.5%	\$0.00	\$0.00
PHG283-031909-AJ	\$2,000,000	ING Life	60 months	\$0.00	16.5%	16.5%	\$0.00	\$0.00
CML416-031909-PL	\$2,000,000	Old Mutual Life	60 months	\$0.00	16.5%	16.5%	\$0.00	\$0.00

EVERY policy must show a dollar amount - zero - for interest is \$0.00. Please INITIAL to the left of your section and in the box below.

Participant: _____ Dated: _____

SIGN HERE

RETIREMENT VALUE, LLC
a Texas limited liability company

By: _____ Member/Date _____

Print Name: _____

I elect to place my total \$ _____ loan in EQUAL PORTIONS among all ten (10) policies listed for this loan.
 I elect to place my total \$ _____ loan in SELECTED AMOUNTS noted in the Exhibit above.

Retirement Value, LLC has executed a Policy Purchase Agreement for every policy in this loan. However, the seller can withdraw policies right until the loan is completed. The ownership change efficiently in their home office records. If any of these policies are withdrawn or sold out, they will be replaced immediately with policies of comparable or higher class value.

INITIAL HERE

Exhibit A
 Revised 01-11-2009



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IRA OWNER'S SUITABILITY FORM

IRA Owner's Information:

Name: _____
(print IRA Owner's Name)

I am of sound mind and am able to determine on my own if and when my Individual Retirement Account ("IRA") to participate in this program as a Lender is in my best interest and proper use of a portion of such funds. I can afford to participate in this program knowing that my participation is illiquid for an indeterminate period of time. I feel that I have sufficient knowledge and experience in business and financial matters to determine whether or not this is a prudent use of such IRA account.

Please print your name below: _____

Investing Experience:

- I have the experience to determine whether participation in certain investments is suitable for me.
- If I feel it necessary, I consult with a financial advisor before making any decisions.
- I have in the past or currently am invested in stocks, bonds, and / or mutual funds traded on a national exchange.
- I have in the past or currently am invested in commodities or future contracts.
- I have participated in other re-sale life insurance policies.
- I have a relationship with partners or companies that invest in real estate.
- I have made other types of investments other than above.

Individual Annual Income	<input type="checkbox"/> \$50,000-\$100,000	<input type="checkbox"/> \$100,000-\$250,000	<input type="checkbox"/> \$250,000+
Total Household Income	<input type="checkbox"/> \$50,000-\$100,000	<input type="checkbox"/> \$100,000-\$250,000	<input type="checkbox"/> \$250,000+
Approximate Net Worth (Exclude primary residence)	<input type="checkbox"/> \$10,000-\$50,000	<input type="checkbox"/> \$50,000-\$250,000	<input type="checkbox"/> \$250,000+

This section to be completed ONLY if an ADVISOR (other than Retirement Value, LLC or its Licensee) has assisted with this application:

I have a professional advisor who is not affiliated with Retirement Value, LLC in any way and who has sufficient knowledge in business and financial matters to advise me in connection with my participation in this product and to determine that this is a suitable option for a portion of my money.

Professional Advisor: _____

Address: _____

Telephone No.: _____

Title: _____

REPRESENTATIONS AND WARRANTIES

I represent that I have carefully read and understand the IRA Owner's Policy Participation Agreement and IRA Owner's Loan Agreement, and hereby authorize, on my behalf, that authorizing my Individual Retirement Account to function as a Lender for Retirement Value, LLC to facilitate the purchase by Retirement Value, LLC of one or more re-sale life insurance policies for its sole ownership is appropriate and suitable for me. I understand the risks involved as explained by the Licensee through whom I am working. Understanding that any loan proceeds from my Individual Retirement Account in a re-sale life insurance policy or policies are not available to me as adequate means to provide for day-to-day financial needs and will be able to meet my financial obligations without this participation. I represent that I can bear the financial risk for the entire period of time. I represent and warrant that I have read this Suitability Form and warrant that the information contained in it is true, correct and accurate and may be relied on by Retirement Value, LLC. I also agree that I will notify Retirement Value, LLC of any change in the above information prior to the completing of this Loan transaction by and through my Individual Retirement Account.

I am the Owner of a: (check one)

Traditional IRA Roth IRA SEP IRA Simple IRA Beneficiary IRA

IRA OWNER

(Signature)  _____
Date

(Print Name)
Address: _____

Call us at 1-800-850-8500

Form 1-14



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LOAN DISCLOSURE ACKNOWLEDGMENT

Individual Retirement Account

Please read carefully before installing:

1. I have received and reviewed a Suitability Form and the "General Disclosure Statement - Terms of Loan" of my Loan Agreement, beginning on page 2, paragraphs 1-14, describing the nature of and risks associated with a Loan to help facilitate the purchase of my Retirement Value, LLC ("Retirement Value") for its sole owners of re-sale life insurance policy or policies.
 2. I understand the undersigned financial consultant (if such is signing) is my financial consultant, an employee, or representative of Retirement Value, LLC. I understand that any representations, advice, opinions or recommendations made by the undersigned financial consultant are his / her / its and not the representations, advice, opinions or recommendations of Retirement Value.
 3. I understand my projected base-line expected interest paid for my Loan is the amount calculated based on an estimated Life Expectancy ("LE") for the person insured under the policy or policies; that the actual interest on my Loan may vary substantially from the base-line interest because the actual life of the insured almost certainly will be less than or greater than rather than exactly equal to the estimated LE; the net actual interest will be higher if the Insured passes away earlier than the LE and lower if the Insured passes away later than the LE. This is the result of either a pro-rata refund to my Individual Retirement Account of unused premiums or of my Individual Retirement Account having to advance additional monies to pay a pro-rata share of future premiums due.
 4. I understand that the Insured for the re-sale life insurance policy or policies, the purchase of which by Retirement Value is facilitated by my Loan, may outlive me, particularly if I am of advanced age.
- I have been advised to consult my own tax advisor regarding the tax consequences of participating in a re-sale life insurance policy or policies by means of a Loan through my Individual Retirement Account. I have also been advised to determine independently in consultation with my own

Disclosure Acknowledgment
Revised 07/03/09

Page 1 of 2

tax advisor what possible adverse tax consequences might result from maintaining suitable liquidity in my Individual Retirement Account to cover possible additional future premium payments or advances that may need to be made from my Individual Retirement Account. I realize that this is particularly important if I am near, at, or over the maximum age allowed to make additional contributions to a retirement plan account, which currently is 70½ years for an Individual Retirement Account (IRA).

6. _____ I understand and have been advised that I have the right to rescind or cancel this Loan Agreement entirely without any penalty or fee of any kind for ten (10) calendar days after receiving confirmation from Retirement Value that my Loan Agreement has been received and accepted.
7. _____ I understand that a re-sale life insurance policy or policies are illiquid; that I will not have access to the Loan until the policy or policies mature due to the death of the insured; and that no one can determine with exact certainty when any re-sale life insurance policy or policies will mature. Accordingly, I have determined that I have sufficient cash and other assets to provide for daily and emergency needs and I understand the risk of executing this Loan Agreement to facilitate my use of Retirement Value for its sole ownership of a re-sale life insurance policy or policies. I understand that I may not have access to the Loan proceeds for an indeterminate period of time.
8. _____ All of my cash and other assets of the re-sale life insurance policy or policies to be acquired through the proceeds of my Loan executed through my Individual Retirement Account have been answered. I understand the risk involved and I have decided to participate in this Loan program with the understanding that any benefit and return on these re-sale life insurance policies will be realized by my designated beneficiary(ies) of my Individual Retirement Account should I pass away before the insured on the re-sale life insurance policy or policies.

ACKNOWLEDGED on this Date: _____

IRA Owner

Financial Consultant

(If my - not the Licensee of Retirement Value, LLC)



IRA Owner's signature

Financial Consultant's signature

Print IRA Owner's name

Print Financial Consultant's name



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LIMITED POWER OF ATTORNEY

Individual Retirement Account

RETIREMENT VALUE, LLC - BY IRA OWNER

This Power of Attorney is made by and between _____ (hereinafter referred to as "IRA Owner") and Retirement Value, LLC (hereinafter referred to as "Agent" or "Attorney-in-fact") appointing Retirement Value, LLC as the IRA Owner's true and lawful Agent and Attorney-in-fact for arranging and overseeing the IRA Owner's Individual Retirement Account Loan to facilitate the acquisition of, purchase of, and sole ownership by Agent of certain re-sale life insurance policies and in collateralizing said Loan with said "Individual Retirement Account" with the pro-rata death benefit of said re-sale life insurance policy or policies.

I, _____ My Attorney-in-fact is hereby authorized to act in my name, place and stead, and for my use and benefit, and to do, execute, or to concur in any and all actions, matters, and things set forth below as if same were my acts and deeds and my Attorney-in-fact has the following powers:

A. Enter into any and all contracts or agreements necessary for a Loan to be made by my Individual Retirement Account to facilitate the acquisition of, purchase of, and sole ownership by Agent of a re-sale life insurance policy or policies or certificate(s) if a group policy, said loan to be collateralized with a pro-rata death benefit of said re-sale life insurance policy or policies.

B. Complete, record, and execute any document(s) necessary to arrange a Loan to be made by my Individual Retirement Account to facilitate the acquisition of, purchase of, and sole ownership by Agent of a re-sale life insurance policy or policies or certificate(s) if a group policy, said loan to be collateralized with a pro-rata death benefit of said policy or policies.

C. Concerning the disbursement of any and all funds by the Escrow Agent upon maturity of the Loan, instruct and direct Escrow Agent to coordinate and restore to my Individual Retirement Account the original Loan amount together with any and all promised Loan interest income, as well as any pro-rata share of any unused premiums remaining in the escrow sub-account.

D. Upon the death of any insured for any re-sale life insurance policy owned by Agent utilizing the Loan proceeds from the Individual Retirement Account, obtain the death certificate and instruct the Escrow Agent as to the proper disbursement to the IRA Owner's Individual Retirement Account.

E. Notify IRA Owner of any additional monies needed if it becomes necessary for the IRA Owner to advance additional funds from the Individual Retirement Account to keep the re-sale life insurance policy or policies in-force.

F. If for whatever reason Escrow Agent resigns or terminates its contract with Agent, Agent can appoint another escrow agent to take its place and Agent can transfer all funds and related records to the successor escrow agent and the successor escrow agent shall then assume all duties and obligations of the Escrow Agent. The Escrow Agent shall have no liability for the successor escrow agent.

2. This Power of Attorney is for the sole purpose of designating Agent as the IRA Owner's Attorney-in-fact for the purpose of arranging a Loan from the IRA Owner's Individual Retirement Account to facilitate the acquisition of, purchase of, and sole-ownership by Agent of a re-sale life insurance policy or policies, said Loan to be collateralized with a portion of the death benefit in said policy or policies and shall convey no other authority.

3. This Power of Attorney may be terminated at any time by either Party, with written notice to that effect.

4. This Power of Attorney represents the entire agreement between the Parties hereto with all provisions to be enforced as provided herein. No oral representations, agreements or covenants, whether written or oral, shall govern this relationship.

IRA OWNER

IRA Owner's signature

Print IRA Owner's name

Date: _____

RETIREMENT VALUE, LLC

a Texas limited liability company

By: _____
Manager's signature

Print Manager's name

Date: _____



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SPECIAL POWER OF ATTORNEY

Individual Retirement Account

LICENSEE - BY IRA OWNER

The undersigned ("IRA Owner") hereby appoints _____ ("Licensee") as its Agent and Attorney-in-fact to review, evaluate and direct Retirement Value, LLC ("Retirement Value") as to a Loan by the IRA Owner's Individual Retirement Account to facilitate the acquisition of, purchase of and sole-ownership of certain real estate life insurance policies and in collateralizing said Loan by Retirement Value of certain real estate life insurance policies and in collateralizing said Loan by Retirement Value of certain real estate life insurance policies and in collateralizing said Loan by Retirement Value of certain real estate life insurance policies. In all such Loan matters, Retirement Value is authorized to follow the instructions of the IRA Owner's Agent in every respect and is authorized to act for the IRA Owner and in the IRA Owner's behalf in the same manner and with the same force and effect as the IRA Owner could do with respect to any Loan, as well as with respect to all other things necessary or incidental to the furtherance or administration of such Loan or the maintenance or protection of any pro-rata collateral interest in the death benefit by the Individual Retirement Account.

IRA Owner hereby acknowledges that Retirement Value will rely on this authorization in taking instruction and direction from the IRA Owner's Agent on behalf of IRA Owner's Individual Retirement Account. IRA Owner agrees to indemnify and hold Retirement Value harmless from any and all claims or damages ever arising out of compliance with instructions or directions issued by IP Licensee's Agent pursuant to Agent's authorization.

Retirement Value, by implication or otherwise, endorses the operational methods of Agent. IRA Owner fully understands that Retirement Value relies on the direction and instruction of IRA Owner's Agent and by the Agent as to the amount of any Loan made by the Individual Retirement Account and that, by granting this power to the Agent to exercise IRA Owner's rights of discretion and instruction to Retirement Value, IRA Owner does so at its own risk.

IRA Owner hereby ratifies and confirms any and all transactions with Retirement Value and the Custodian heretofore and hereafter made by IRA Owner's Agent on behalf of IRA Owner.

This authorization and indemnity by IRA Owner is in addition to (and in no way limits or restricts) any rights which Retirement Value may have under any other agreement or agreements between the IRA Owner and Retirement Value. This authorization and indemnity is continuing, and shall remain in full force and effect until revoked by the IRA Owner via written notice addressed to and received by Retirement Value at 457 Landa Street, Suite B, New Braunfels,


Texas 78130 (mailing address: P.O. Box 310635, New Braunfels, Texas 78131-0635). Any such revocation shall not affect any liability in any way resulting from transactions initiated prior to such revocation.

This authorization and indemnity shall inure to the benefit of Retirement Value and any successors or assigns.

IRA Owner understands fully the obligations which IRA Owner has assumed by executing this Power of Attorney. IRA Owner understands that the IRA Owner's Agent is not an agent, employee, partner or affiliate of Retirement Value and that Retirement Value is in no way responsible for any loss or damages occasioned by the actions or omissions of the individual or organization named above.

IRA OWNER:

LICENSEE:

_____		_____
Signature of IRA Owner		Signature of Licensee
_____		_____
Print Name of IRA Owner		Print Name of Licensee
Date _____		Date _____

Unofficial copy Travis Co. District Clerk Yelva L. Price



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WIRING INSTRUCTIONS

Wiring Instructions For IRA Plus Southwest or Provident Group
to Escrow Agent for Retirement Value clients.

Wells Fargo Bank, N.A.
New Braunfels Walnut Office
1000 North Walnut Avenue, New Braunfels, TX 78130

Bank ABA Routing # 121041288

For credit to: Klesling, P.C. Klesling & Free, P.C. Insurance
Escrow Account
348 E. San Antonio Street, New Braunfels, TX 78130

Account # 7-567212

Reference IR owner's name on the wiring instructions.

12:02 PM

6/23/10

Accrual Basis

Retirement Value, LLC Register QuickReport All Transactions

Type	Date	Num	Memo	Account	Ch	Split	Amount
Catherine H. Gray							
Check	12/5/2009			Dividends		Retirement Val...	-200,000.00
Check	12/28/2009	1589	Year - End 2...	Dividends		Retirement Val...	-375,000.00
Check	12/31/2009	1527	12/31/09 - Ye...	Dividends		Retirement Val...	-37,800.00
Total Catherine H. Gray							-612,800.00
Dick Gray							
Check	12/31/2009	1588	12/31/09 - Ye...	Dividends		Retirement Val...	-136,800.00
Check	1/19/2010	1652	January - 201...	Dividends		Retirement Val...	-96,000.00
Check	1/21/2010	1685	100,000 @ 1...	Dividends		Retirement Val...	-6,000.00
Check	2/25/2010	1787	February divi...	Dividends		Retirement Val...	-105,000.00
Check	3/5/2010	1840	3/5/10 - Divi...	Dividends		Retirement Val...	-105,000.00
Total Dick Gray							-451,800.00
Richard H. Gray							
Check	10/5/2009		Xlar to 36205...	Dividends		Retirement Val...	-280,000.00
Check	12/28/2009	1585	Year - End 2...	Dividends		Retirement Val...	-325,000.00
Check	1/29/2010	1674	January 2010...	Dividends		Retirement Val...	-105,000.00
Check	2/12/2010	1745	Feb 2010	Dividends		Retirement Val...	-105,000.00
Total Richard H. Gray							-1,015,000.00
TOTAL							-2,129,600.00

Unofficial copy Travis Co. District Clerk Volva L. Price

DEPOSITION
EXHIBIT

Royan (56)
S. FISHER 7-15-11

12:04 PM
05/09/10
Annual Basis

Retirement Value, LLC
Register QuickReport
All Transactions

Type	Date	Num	Memo	Account	Clr	Split	Amount
United States Treasury							
Check	3/28/2010	1839	2010 - 1040F	Dividends		Retirement Val	-599,200.00
Check	3/28/2010	1840	2010 - 1040F	Dividends		Retirement Val	-149,800.00
Total United States Treasury							-749,000.00
TOTAL							<u>-749,000.00</u>

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KIESLING, PORTER, KIESLING & FREE INSURANCE ESCROW ACCT.

Vendor QuickReport

All Transactions

Richard Gray

Type	Date	Num	Memo	Account	Cr	Sub	Amount
Check	12/16/2009	3848		WELLS FARGO BASE	✓	-SPLT.	15,152.00
Check	12/06/2009	3876		WELLS FARGO BASE	✓	-SPLT.	3,292.90
Check	11/12/09	4691		WELLS FARGO BASE		-SPLT.	8,000.00
Check	08/13/2015	4847		WELLS FARGO BASE		-SPLT.	3,885.21
							-81,348.78

Unofficial Copy Travis Co. District Clerk Velva L. Price

10:38 AM
01/28/10

Retirement Value, LLC
Vendor QuickReport
All Transactions

Type	Date	Num	Memo	Account	Dr	Cr	Split	Amount
Culliva Marketing Company								
Check	11/03/09	1336		Retirement Value, L.	X		ContribBanks	25,000.00
Check	12/28/09	1506	1st qtr 2010	Retirement Value, L.	X		Agent Commis	-25,000.00
Bill	2/9/2010			Accounts Payable		X	ContribBanks	-25,000.00
Bill Paid - Check	4/1/2010	1904		Retirement Value, L.	X		Accounts Pay	-25,000.00

Unofficial copy Travis Co. District Clerk Velva L. Price

11:55 AM
 05/20/10
 Accrual Basis

Retirement Value, LLC
 Register QuickReport
 All Transactions

Type	Date	Num	Memo	Account	Clr	Split	Amount
Wendy L. Rogers							
Check	12/6/2009	1259		Dividends		Retirement Val	-160,000.00
Check	12/28/2009	1586	Year - Final 2...	Dividends		Retirement Val	-300,000.00
Check	12/21/2009	1510	12/31/09 - Ya...	Dividends		Retirement Val	-78,200.00
Check	1/29/2010	1653	January - 201...	Dividends		Retirement Val	-34,200.00
Check	1/22/2010	1666	100,000 @ 2...	Dividends		Retirement Val	-8,000.00
Check	1/25/2010	1676	January 2010...	Dividends		Retirement Val	-35,000.00
Check	2/13/2010	1744	Feb 2010	Dividends		Retirement Val	-30,000.00
Check	2/16/2010	1798	February Divi...	Dividends		Retirement Val	-30,000.00
Check	3/5/2010	1847	3/5/10 - Divi...	Dividends		Retirement Val	-30,000.00
Total Wendy L. Rogers							-668,500.00
TOTAL							-668,500.00

Unofficial copy Travis Co. District Clerk Volva L. Price

12:04 PM
05/20/10
Annual Basis

Retirement Value, LLC
Register QuickReport
All Transactions

Type	Date	Num	Memo	Account	Dr	Cr	Amount
United States Treasury							
Check	3/25/2010	1939	2010 - 1040E...	Dividends		Retirement Val	599,200.00
Check	3/25/2010	1940	2010 - 1040E...	Dividends		Retirement Val	149,800.00
Total United States Treasury							749,000.00
TOTAL							749,000.00

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6:35 PM
06/27/15

KIESLING, PORTER, KIESLING & FREE INSURANCE ESCROW ACCT.

Vendor QuickReport

All Transactions

Vendor	Type	Date	Num	Mem	Account	Dr	Spit	Amount
Wendy Rogers	Check	11/19/2009	3048		WELLS FARGO BASE	✓	-SPUT-	-5,000.00
	Check	11/20/2009	3077		WELLS FARGO BASE	✓	-SPUT-	-11,200.00

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8-28 AM
 ET1818
 Actual Basis

Retirement Value, LLC
 Account QuickReport
 All Transactions

Type	Date	Num	Name	Memo	Code	Amount
Dividends						
Check	10/6/2009	1290	David A. Gray		Retirement Val	14,000.00
Check	12/15/2009	1381	David A. Gray	Distribution (R...	Retirement Val	-91,307.32
Check	12/28/2009	1587	David A. Gray	Year - End 2...	Retirement Val	-300,000.00
Check	12/31/2009	1609	David A. Gray	12/31/09 - Ye...	Retirement Val	-78,000.00
Check	12/31/2009	1611	David A. Gray	12/31/09 - Ye...	Retirement Val	-10,000.00
Total Dividends						-678,307.32
TOTAL						-678,307.32

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10:00 AM
07/16/10

Retirement Value, LLC
Vendor QuickReport
All Transactions

Type	Date	Num	Memo	Account	Cr	Debit	Amount
David Gray Check	1/5/2010	1008		Retirement Value, L...	X	Agent Commis	-92,500.00
PA	2/9/2010			Accounts Payable		Consultants	-92,500.00
PA Paid - Check	4/5/2010	1005		Retirement Value, L...	X	Accounts Pay	92,500.00

In addition, Mr. Gray received 346,153.92 through payroll as part of the redemption of his and his wife's membership units.

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From: Dick Gray <rgray@retirementvalue.com>
Sent: Saturday, January 23, 2010 7:40 AM
To: 'Ron James' <jiserves@aol.com>; 'Don James' <don.james1@comcast.net>; 'Mike Beste' <mbeste@msn.com>
Cc: 'Wendy Rogers' <wrogers@retirementvalue.com>; bcollins@retirementvalue.com; 'Jeremy Gray' <jgray@retirementvalue.com>; 'Carie Morales' <cmorales@retirementvalue.com>; scottbaker@sbcglobal.net
Subject: The most urgent RV need at this time

It is NOT the intent of this e-mail to put any speed-bumps in the way of the work now being done by Steve with Joe through Mike for an external line-of-credit. It IS the intent of this e-mail to plainly state **no longer believe the line-of-credit project has anywhere near the level of importance or urgency it enjoyed December 2nd and 3rd** - and that the far greater, immediate, looming need is very rapid movement forward on a securitized model separate from RV.

- Jeremy's recommendation to Ron and RV about reformulating the policy-payment distributions was nothing less than a mini-revolution in changing (and repairing) our relationship with James Settlement Services. During December alone the revised-distribution cash-flow coupled with the 12-01-09 RV \$1 million wire to ISS brought the ISS line-of-credit rapidly down from close to \$10 million to slightly less than \$3 million. It is back up now - but in a range Ron agrees is acceptable and in proper balance with actual sales volume. It is not overly dramatic to say that Jeremy's idea and the net outcome was like a doctor reducing the ultra-high, life-threatening fever of a child whose family fears he might not live through the night.
- January sales stink. Period. But that is only a temporary lull before a veritable sales storm - and Ron has stated that the ISS line-of-credit can and will rise again - as long as that rise is led by and is "chasing" a comparable rise in RV sales.
- With each passing day the once-urgent early December need for almost an emergency infusion of capital through Steve & Neal's efforts becomes less and less crucial to RV.
- With each passing day the climate in the regulatory arena heats up - making Steve's insistence on (a) line-of-credit 1st and (b) THEN the securities product - makes this current process out-of-balance with our rapidly-changing actual net needs.

Ron has told me repeatedly that he endlessly worry about "the regulatory climate" - and I continue to hope he is right, as he almost always is. Yet Scott Baker tells me that the best-staffed and the most active of several nationwide locations of the SEC's current, expanding and virtually unknown or "cloaked" "Life Settlement Task Force" is Fort Worth, Texas - and how can we possibly think we no longer are on their radar? He sees his SEC "No Action Letter" plan as a race to a pre-determined finish-line in which he very much hopes RV is 1st to that destination ahead of the SEC or FINRA (who claims nationwide jurisdiction of this product effective 02-10-10).

Scott Baker holds and defends with vigor these views: (1) that in spite of our own best efforts at legal double-talk here at RV we are right now in fact marketing an unregistered security - which he expects to "fix" for us; (2) because of the velocity with which policy ownership changes in our relationship with ISS in ALMOST ALL CASES a court would hold that we are not REALLY buying from Ron at all but directly from the insured (ownership almost never changes from the insured to ISS before changing to RV) - making us in reality and in spite of all of our claims to the contrary perform the functions of a Registered Life Settlement Provider in Texas - which we expect to "fix" with the now-pending settlement of my administrative action with TDL.

When Wendy and I joined all of you December 2nd and 3rd in California we assumed a new, separate company would be needed to market the security. Then in a recent conference call with Mike Beste, Steve stated he was no longer sure that would be needed.

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S. FISHER 7-154

RVR014877

We want a separate company. The regulatory inquiries or other actions when they come will not be addressed to RV ONLY for the non-securitized model. It will be to RV - period. We want there to be a separate company linked to the securitized model - and we want to start action on that new company right now. We have engaged a marketing consultant in Dallas to assist with a company name and a logo for recommendation to all of us for review. We believe this has priority over even the line-of-credit from Joe.

There is far more at stake within RV right now than even two months ago when Wendy and I were in Lafayette - or a few months ago when we initially engaged Scott Baker for the model review. I feel a rapidly growing burden of accountability and responsibility to our rapidly-growing enterprise. Don and Mike will remember Diana from the living meeting a week ago - she presented the new internet model and software design with Wendy. She almost certainly will start full-time 02-01-10. Two other newer players (Bruce and Carrie) are talking about moving their families to NB from the Metroplex and Houston to be closer to RV and to enhance their contribution. We will move into our new 7,500 SF building prior to the next sales meeting in NB 02-18-10. In April we were 6 employees - we now are 15 and still expanding.

Safeguarding the gains we've already made and positioning ourselves for long-range future hinges far more, I believe, on the rapid development of the securitized model and formation of a new company than on either the line-of-credit from Joe or even Scott Baker's effort to revise the current non-securitized RV model.

Scott Baker's revised-model project already has morphed in my mind and has become to RV itself what the "Princeton Report" has now become for Midwest Medical Reimbursement - a battlefield tactical "smoke screen" behind which to hide the rapid movement of RV away from even a revised non-securitized model to a securitized model under a separate company name. I am persuaded beyond any doubt this is a correct, proper and accurate "read" of all the market info or "battlefield intelligence" I can gather - all of this in spite of the LPHI well-known history and the so-called "safe harbor" we can enjoy because of LPHI, etc. That "harbor" is going to drown in regulatory changes - sooner than later. I want to flee to the high-ground - right now.

So - what's next? Thanks!

Dick Gray
President / CEO
Retirement Value, LLC
457 Lands Street, Suite B, New Braunfels, TX 78131
P.O. Box 310605, New Braunfels, TX 78131-0605
(830) 624-8858 cell (800) 498-4844 fax (214) 781-3550 mobile
dgray@retirevalue.com

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From: Dick Gray <dgray@retirementvalue.com>
Sent: Wednesday, October 7, 2009 3:31 AM
To: 'Kristen Quinney Porter' <kdq@sbccglobal.net>; bwfree@sbccglobal.net; 'Jeff Albrecht' <jeffa@ssaopa.com>; JISERVCS@aol.com; dot.james1@comcast.net; 'Michael Beste' <mbeste@msn.com>
Cc: 'David Gray' <dgray@retirementvalue.com>; 'Wendy Rogers' <wrogers@retirementvalue.com>; khensley@retirementvalue.com; jgray@retirementvalue.com; kgtx94@gmail.com; tmoss@retirementvalue.com
Subject: I propose an afternoon meeting Friday the 7th

1. Effective immediately and until further notice I must personally approve every distribution from the Wells Fargo master escrow account and each Wells Fargo escrow sub-account. Even distributions to pay fees, commissions or our own overrides at RV must be reviewed with me by Katie before any distribution request is sent to Kiesling for action. No client funds are to be distributed by Kiesling as Escrow Agent to any one for any purpose without my personal prior review and okay. Every proposed distribution will be reviewed to determine how it impacts our absolute, inflexible requirement to have every escrow sub-account FOR FULLY-SUBSCRIBED POLICIES in-balance - premiums on-hand or clearly shown to be in-bound NLT December 31st.

2. I propose a meeting at the Kiesling offices at 2 p.m. this Friday the 7th - or any other time after 2 p.m. Friday the 7th at the general convenience of all the players.

At that meeting I want to review by spreadsheet case-by-case every policy now determined to be "fully subscribed" that has been removed from the budget. The spreadsheet(s) must show on a by-policy basis:

- Total premiums originally calculated to be set aside for each fully-subscribed policy on the basis of "LE + 24 months"
- Minus any premiums paid to-date on each fully-subscribed policy
- Premium funds now on deposit and held by Kiesling in the escrow sub-account at Wells Fargo for each fully-subscribed policy
- Premiums still expected to be collected for (a) in-bound / in-process client funds not yet posted at Wells Fargo for each fully-subscribed policy
- Therefore, by policy, the true current net premium short-fall if any for each fully-subscribed policy
- Interactive spreadsheets would be ideal so with each premium-related transaction we plot the most current status of any short-falls "at a glance."

It is more than unacceptable - it is professionally unconscionable that all of us collectively have not yet been able to offer each other a definitive and precise "map" on this urgent matter after talking about it for weeks. This must end. Now.

Show me the data. Give me the facts. Tell me how I can help. Draw me in to what part I must play personally between now and Friday afternoon, regardless of the hours I need to work at this with you all - to have a "fix" on this. Now.

The meeting at Kiesling Thursday the 1st was the first indication ever to RV that more than minimum funds appeared to be retained by Kiesling on any escrow sub-account. In preparation for that meeting on the 1st and based on data available to RV at the time, David had calculated a deficit of \$2.6 million for premiums on fully-subscribed accounts. Yet the net net appears to be much lower than \$2.6 million based on the Kiesling internal report showing heretofore-unknown-to-RV plus-balance in several policy escrow sub-accounts. The net short-fall may be far less, perhaps as little as \$1.3 million.

Yet now it's almost another week later since the meeting of the 1st - and we at RV still do not know for sure the exact net situation - the picture regarding the single most crucial component of our professional and fiduciary credibility - and legal responsibility! **PLEASE** - let's get this "fixed". Now.

Dick Gray
President
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(512) 824-8858 (cell) (866) 418-4644 fax (512) 393-3650 mobile

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Rogers 103
B. FISHER 7-15-09

RVR004949

tsuz@retirementvalue.com

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From: Dick Gray <rgray@retirementvalue.com>
Sent: Monday, October 19, 2009 4:14 AM
To: 'Wendy Rogers' <wrogers@retirementvalue.com>; 'Katie Hensley' <khensley@retirementvalue.com>; 'Jeremy Gray' <jgray@retirementvalue.com>
Cc: bwfree@sbcglobal.net; 'Kristen Quinsey Porter' <kdq@sbcglobal.net>
Subject: FW: Updated Spreadsheet of Fully Subscribed Policies
Attach: SecureZIP Attachments.ZIP

The crucial issue is NOT the reduction in the amount in-bound by \$441,109 - that not only will help us, we all can be grateful it HAS happened since it means there are dollars coming in to fill those premium sub-accounts.

The essential question to ask is: has every net dollar of that in-bound 'fully-subscribed account' money gone toward those premium accounts? Put differently - have we been careful NOT to send a single dollar of THAT net money to Jan Mann for ANY policy?

Meanwhile we still need to find that \$1.2+ million to roll into fully-subscribed accounts by 12-31-09 - recognizing that with each NEW fully-subscribed account the premium issue widens.

Are we having fun yet?

Dick

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From: Katie Hensley [mailto:khensley@retirementvalue.com]
Sent: Sunday, October 18, 2009 7:57 PM
To: 'Dick Gray'; 'Jeremy Gray'; 'Wendy Rogers'
Subject: Updated Spreadsheet of Fully Subscribed Policies

I have updated the Total Amount of \$ Inbound on the attached spreadsheet. It is \$441,109 less than the first report.

Jeremy - has the status of the "No Ownership" policies changed or has any premium payments been made since this spreadsheet was created? If so, please let me know so I can update those columns as well. Thanks!

Please let me know if you have any questions.

Thank you,

Katie Hensley
Retirement Value, LLC
Director, Finance Services and Administration
Office Phone: (830) 624-8858 ext. 202
Office Fax: (830) 609-5002
Direct Cell: (866) 889-3701

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RVR008650

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From: Dick Gray <rgray@retirementvalue.com>
Sent: Sunday, November 15, 2009 7:03 PM
To: 'Wendy Rogers' <wrogers@retirementvalue.com>; 'Katie Hensley' <khensley@retirementvalue.com>; 'Jeremy Gray' <jgray@retirementvalue.com>; 'Marisa Kane' <mkane@retirementvalue.com>
Cc: 'Ron James' <rjames@aol.com>; 'Don James' <don.james1@comcast.net>; 'Brian Free' <bwf@sbeglobal.net>; 'Kristen Quinney Porter' <kdq@sbeglobal.net>; 'jeffa@ssaacpa.com'; 'Michael Beste' <mbeste@msn.com>
Subject: FW: Totals for incoming funds
Attach: SecureZIP Attachments.ZIP

Thank you to all of you for getting a "fix" on this net \$5 of about \$1.3 million or \$1.4 million current premium short-fall. That is something we can fix rather quickly, ideally well, well before the new year-end date of 04-30-2010. In this manner:

1. Now add in the net dollar amounts already taken from two other NOL policy-subscribed policies for purposes other than THAT specific case.
2. Defining that added total tells us the true total need to fix the premium short-fall ASAP.
3. We now "draw a line in the sand" and immediately disburse only the actual percentages from each case pre-determined for premiums, purchase, fees, commissions, etc. No policy ever again rolls over into any use for any other case. This becomes our ongoing RV variation of the PHI Waaco "accumulate and buy" model. Please calculate what that net % is for each case for each premium use as a % of client money or % of face - whatever number assures the proper distribution of monies into the correct pre-determined "buckets".
4. Then with RV owner equity and / or the creative financing model preliminarily advanced Friday by Jeremy we'll fill those premium pots ASAP; fully keep our promise to clients; and honor / answer promptly the very deep professional concerns at both Kiesling and Sol Schwartz & Associates.

Again, thank you all very, very much.

Dick Gray
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From: Katie Hensley [mailto:khensley@retirementvalue.com]
Sent: Sunday, November 15, 2009 6:14 PM
To: 'Jeremy Gray'
Cc: 'Dick Gray'; 'Wendy Rogers'; 'Marisa Kane'
Subject: FW: Totals for incoming funds

I tried my best, but since we got home from Dallas sooner than we originally planned I went ahead and figured out the numbers today. Attached is a spreadsheet that lists the total amount of inbound funds for all the fully subscribed policies. The final column is the total amount of inbound funds minus the misc. fees, commissions for RV, and commissions for modeling. Please let me know if you need any additional information.

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Rogers (65)
2. FISHBURN 7-15-09

RVR011903

Thank you for your patience.

Katie Hensley
Director of Licensee Services and Administration
Retirement Value, LLC

From: Jeremy Gray [mailto:gray@retirementvalue.com]
Sent: Sunday, November 15, 2009 4:28 PM
To: 'Katie Hensley'
Cc: 'Dick Gray'; 'Wendy Rogers'; 'Marisa Kane'
Subject: RE: Totals for incoming funds

Glad to see you're unplugging from work for family time- balance is very important!!

Although Charles sent me the first batch of 12 PPE forms with the "claw back" column Saturday afternoon and I spent a good deal of time attempting to mathematically decipher and audit our numbers, I still do NOT have absolute certainty or confirmation on:

- 1) The accuracy of our Total Premium LE+24 numbers (despite Dick's great explanation of his technique last week- I will need 20-30 more minutes ASAP doing an in-person case by case analysis with him. Once the baton is handed off to me permanently- I am NOT getting consistency--
- 2) Although the first two policy "claw back" numbers I ran matched ours, it "went south" pretty quickly after that- (GEXELE, for example, is \$127K off our numbers)- the numbers DON'T match even closely). Charles will be sending me the remaining claw back forms Mon or Tues and I will require from him, a more thorough explanation than Ron attempted to give me late last week.

This is my long-winded way of saying, although it would be great to get the inbound data from you, do it only as you are able- I still clearly have my work cut out for me, and am postponing my Monday Sam meeting with Brent, as that time would be better used on Wednesday or Thursday, based on where I am....

Talk soon!

-Jer

From: Katie Hensley [mailto:khensley@retirementvalue.com]
Sent: Saturday, November 14, 2009 10:10 PM
To: 'Jeremy Gray'; 'Marisa Kane'
Cc: 'Wendy Rogers'; 'Dick Gray'
Subject: Totals for incoming funds

Jeremy and Marisa,

I ended up going to Dallas this weekend for my husband's family reunion. I left all my work at home because I knew I would want to work while I was here. We will not be home until late tomorrow evening. Therefore, I will not be able to get you the updated numbers of inbound funds until Monday. I will work on it first thing Monday morning and will do my best to have the numbers to you all by Monday afternoon.

Thank you in advance for your patience.

Katie Hensley
Retirement Value, LLC
Director of Licensee Services and Administration
Office Phone: (830) 624-8858 ext. 202
Office Fax: (830) 609-5002
Direct Mail: (866) 889-3702

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Exhibit B

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1 thoughts in her head, but it obviously -- it wasn't as
2 clear-cut as she initially thought it was.

3 Q. Yeah. And what I'm really just trying to
4 understand is this timeline.

5 A. Yeah.

6 Q. So, in a meeting in her office in Austin?

7 A. In the Winstead conference room, yes, sir.

8 Q. And the attendees of that meeting were Mary
9 Keller --

10 A. And David Gray and Dick Gray, and I don't know
11 if Peter Nolan was in there or if it was just Mary at
12 that point.

13 Q. Who is Peter Nolan?

14 A. Another attorney at Winstead.

15 Q. And in the course of that meeting, she said of
16 course this isn't a security and it's not even regulated
17 by TDI?

18 A. Right.

19 Q. Did she ever come back and tell you -- and I'm
20 going to put a time frame -- prior to March 30th of
21 2010, did she ever come back and say, "You know, I told
22 you it wasn't a security, but, yeah, I was wrong"?

23 A. No. Actually, she denied ever saying it. It
24 was more disturbing to me than that.

25 Q. When did she deny ever saying that?

1 A. I don't recall. It was in -- it was in an
2 email. Actually, you've got all the emails, and I
3 probably would have saved that one. I don't remember
4 the exact timeline.

5 Q. Was it before or after the cease and desist
6 order?

7 A. Oh, certainly way before.

8 Q. Well before. So well before, you had an email
9 communication, and she wrote back, "never told
10 you this" --

11 A. Right.

12 Q. -- "wasn't a security?"

13 A. Right.

14 Q. And that's at some point in --

15 A. Some point.

16 Q. Some point?

17 A. Yeah.

18 Q. Some point after --

19 A. I may have been --

20 Q. Was it before or after David left?

21 A. Oh, it was before David left because he was in
22 the meeting with me.

23 Q. No, no.

24 A. Oh.

25 Q. When she told you it wasn't related to

1 Q. We'll call it a portfolio.

2 A. Okay. Thank you.

3 Q. When Retirement Value placed policies onto the
4 portfolio -- and that's the Exhibit A sheet --

5 A. Right.

6 Q. -- at that point in time, did Retirement Value
7 have title to those policies?

8 A. Seldom.

9 Q. But Retirement Value had entered into a
10 contract with Ron James?

11 A. Uh-huh, for that policy.

12 Q. And those policies were sold through escrow at
13 Pacific Northwest?

14 A. Yes.

15 Q. Okay. Now, true or false. The escrow was
16 designed to operate to exchange the full purchase price
17 for the title to the policy and the policy documents?

18 A. Yes.

19 Q. But it didn't, in fact, operate that way, did
20 it?

21 A. Well, no, because we were -- we actually began
22 early on to move client money with enough velocity that
23 we were in need of replenishing for Ron James that line
24 of credit so he could continue to buy more policies for
25 us.

1 Q. And so Retirement Value would consent to money
2 leaving escrow to go to Ron James?

3 A. Yes.

4 Q. Even though it didn't represent the full
5 purchase price?

6 A. Yes.

7 Q. And even though Retirement Value didn't get
8 the policies in exchange for the money?

9 A. Well, I'm not comfortable with the
10 characterization of your question, because the ownership
11 transfer would be in process at the carrier. In other
12 words, everything was always valid. Everything was
13 constantly in motion when you're moving policies and
14 money with the velocity that we were.

15 Q. Would Ron James transfer ownership of the
16 policy until he received his full purchase price?

17 A. It varied, because from time to time he would
18 tell us that a policy that we were buying was one from
19 his own inventory, rather than one that he was acquiring
20 new for us. And in that instance -- and I don't recall
21 the specific policies, but I know there were a few. In
22 those instances, he knew we were good for the money, and
23 he would authorize the ownership transfer at the carrier
24 before he had been paid the full purchase price.

25 Q. Okay. But that's just a few policies?

1 A. Yes.

2 Q. The majority of the policies Mr. James
3 arranged to buy?

4 A. Yes.

5 Q. And then he arranged to sell them to

6 A. Us.

7 Q. To Retirement Value?

8 A. Yes.

9 Q. And the idea would be as structured, money
10 would go from the escrow account for Retirement Value's
11 money to the second escrow account for Ron James and
12 the --

13 A. Yes.

14 Q. -- seller?

15 A. All of Pacific Northwest.

16 Q. All of Pacific Northwest?

17 A. Yes.

18 Q. And it would be a simultaneous closing.

19 Right?

20 A. Yes.

21 And then the money would go from the second
22 account to Ron James, and then, of course, to the
23 seller?

24 A. Right.

25 Q. And the paperwork -- that's correct.

1 And as a result, the paperwork would show
2 a transfer from the seller directly to Retirement Value?

3 A. In that sense, yes. Yes. And that's a very
4 important legal distinction. And the fact that the
5 policies were in fact acquired through James Settlement
6 Services is a matter still to be addressed with the
7 Department of Insurance. Because at no time, in any
8 transaction, did I ever deal or did anybody at
9 Retirement Value deal directly with an insured.

10 Q. No, I understand.

11 A. Okay.

12 Q. And I'm not asking you to accept or reject any
13 particular legal characterization --

14 A. Right. Okay.

15 Q. -- of what the facts mean.

16 A. Okay.

17 Q. I'm just asking you --

18 A. Right.

19 Q. -- factually, that's what happened?

20 A. Yes.

21 THE REPORTER: Try to let him finish and
22 then give the answer.

23 THE WITNESS: Okay.

24 THE REPORTER: Thanks.

25 Q. (By Mr. Napoli) Let me break that up just so

1 we can get that in the record cleanly.

2 A. Okay.

3 Q. There was an escrow agreement between James
4 Settlement and Retirement Value and Pacific Northwest?

5 A. Yes.

6 Q. Under that escrow agreement, Retirement Value
7 would make periodic payments into the escrow account
8 established by Pacific Northwest?

9 A. Yes.

10 Q. As that agreement was designed to operate,
11 when the payments equaled the purchase price, there
12 would be a simultaneous closing between the sale from
13 James Settlement Services to Retirement Value and the
14 sale from the ultimate seller to James Settlement
15 Services?

16 A. Yes, except that in most instances the seller
17 to James Settlement Services had already received money.
18 That was what the -- if it operated always as you just
19 described it then there would be no need for the line
20 of credit. So what Ron James would have already done on
21 behalf of Retirement Value while hunting for policies
22 is -- you're an attorney representing somebody who's
23 selling a policy and it's a million dollar face, and
24 you're going to sell it for \$200,000, and your client
25 wants \$50,000 sort of in earnest money. So Ron James

1 was really sort of putting options on policies. So out
2 of that \$5 million line of credit, he probably would
3 have already sent \$50,000 to kind of get your client on
4 the hook to stay onboard until we could get the full
5 200,000. So he was almost always out some money of his
6 pocket while he was waiting to be repaid by us.

7 Q. But as things operated, because Mr. James
8 wanted to get paid more quickly than full funding would
9 allow -- that's a true statement?

10 A. Yes.

11 Q. So Retirement Value allowed Mr. James to take
12 periodic payments out of escrow without delivering the
13 policies? He would eventually deliver them?

14 A. Yes.

15 Q. But he would not deliver based on the periodic
16 payment?

17 A. That's a correct statement.

18 Q. And the escrow where money is exchanged for a
19 policy, that was designed for the protection of
20 Retirement Value and for James Settlement. Correct?

21 It was simply a way of accounting for the
22 money and having it transacted so that Ron James didn't
23 have to deal with money. I mean, Pacific Northwest
24 Title handled all of those transactions for him, all of
25 the paperwork. They sent the contracts to us to review

1 and sign. That's why he could have only three people in
2 Lafayette, California.

3 Q. Let me -- you'll agree with me that the
4 purpose of an escrow arrangement is to protect the
5 parties to the escrow so that nobody delivers money
6 without receiving --

7 A. Goods.

8 Q. And the escrow agent is the one who makes sure
9 that that transfer actually happens. And so you'd agree
10 that, you know, by allowing Mr. James to get money
11 without actually delivering the policy, Retirement Value
12 was giving up a protection for itself that was built
13 into the escrow agreements. Is that correct?

14 A. I didn't consider it giving up anything at
15 all. I considered it facilitating the transactions
16 based on trust with Ron James. I'm not sure where
17 you're going with this, but I'm not sure I'll like it
18 when we get there.

19 Q. Well, we're going, and we'll get to wherever
20 we get. Well, I guess it's because you trusted -- maybe
21 it's because you trusted Ron James. Retirement Value --
22 and I'm not saying it was a bad decision.

23 A. Right.

24 Q. What I'm saying is at Mr. James' request,
25 Retirement Value agreed to give up some of the

1 protections that were built into the transaction?

2 A. I think that's an accurate characterization,
3 yes.

4 Q. And that was done -- that was done because
5 Mr. James wanted it done that way?

6 A. Yes. At the same time, I would say he weren't
7 at all uncomfortable with that arrangement.

8 Q. Do you know where Mr. James got -- I mean, did
9 Mr. James deal directly with the insureds and their
10 family, the original owners of the policy or --

11 A. Almost never. I mean, it would almost always
12 be through a representative. If you were the one
13 selling the policy, Ron James would never deal with you.
14 But he might deal with your attorney or your CPA or an
15 agent representing you. But I don't know -- and he
16 bought in large enough volume that he was typically
17 dealing with other brokers or agents who themselves were
18 aggregators of policies.

19 Q. And so structurally, these transactions, there
20 would be -- because in the majority of the policies, the
21 transfer is from some family member of the insured to
22 Retirement Value. That's what it shows on the transfer
23 documents. So what you're, I guess, telling me is there
24 is a series of closings, insured to broker, to James, to
25 Retirement Value?

1 but if at the end of the day, meaning at the end of all
2 of these interactions with the State Securities Board or
3 the Department of Insurance or the Attorney General's
4 Office -- if it's concluded -- and we don't concede this
5 point at all by the way. You know that. But if it's
6 included that the life expectancy reports provided to
7 Retirement Value through Ron James were consistently
8 short to the point of being fraudulently short, he
9 should have known that given the place he occupied in
10 the industry. And to that extent, that relationship has
11 not served me or Wendy Rogers or any owner of Retirement
12 Value or any of our licensees or any of our clients very
13 well.

14 Q. Okay. Let's talk about Midwest Medical,
15 because that's where it seem to be going.

16 A. Okay.

17 Q. Now, Midwest Medical was provided -- or
18 Midwest Medical reports were provided by Ron James.
19 True?

20 A. They were acquired by Ron James and through
21 him provided to us, yes.

22 Q. And Ron James was -- it was -- whose decision
23 was it to use Midwest?

24 A. Ron James. He used them almost -- I don't
25 think he ever used anybody else.

1 Q. Well, as you were buying the policies, could
2 you not have used some other provider?

3 A. Yes. We -- I mean, policy provider or
4 provider of LEs.

5 Q. LE provider.

6 A. We could have, but it wouldn't have worked.

7 Q. Why not?

8 A. Because the longer the LE, the more you have
9 to escrow premiums.

10 Q. And Midwest -- not to put too fine a point on
11 it -- Midwest's representation is that they're shorter
12 in terms of their LEs than others?

13 A. If there's a continuum, they're on the short
14 end of the continuum fairly consistently, yes.

15 Q. And there is, in fact, a continuum, isn't
16 there?

17 A. Yes.

18 Q. And at one end of the continuum you have
19 the established, the major --

20 A. Fasano, EMSI, you know --

21 AVS, ISC --

22 A. Yes. Sorry.

23 Q. My fault.

24 A. Go ahead. Start again, and I'll agree.

25 Q. At one end -- if you put it that way, you may

1 based in Texas. But I can tell you that it is a fair
2 characterization in terms of timeline to say that
3 there's a very direct relationship between the formation
4 or the activation -- I think it's safe to -- I think
5 it's correct to say that Clarity Evaluations existed as
6 an entity and was on the shelf being ready to be pulled
7 out at the appropriate time. And the beginnings of
8 James Settlement Services acquiring LE reports from
9 Focus and Clarity was in direct proportion to our
10 objection to the continuing use of Midwest or Midwest
11 only.

12 Q. Okay. Now, when you started, before the
13 George Kindness blowup -- but when you started this, who
14 else was on the Midwest side of the continuum?

15 A. I don't understand the question. In terms of
16 timelines?

17 Q. Yeah.

18 A. I don't think anybody else was.

19 Q. It's Midwest and everybody else?

20 A. I think so, yeah.

21 So Midwest is on the short end, and everybody
22 else is over, much, much longer?

23 A. Yeah.

24 Q. In fact, everybody -- the majors, the AVS, the
25 Fasanos, they're roughly, what, 180 percent of Midwest?

1 A. It's all over the place, but they're higher,
2 yeah.

3 Q. It's not a matter of a couple of months, is
4 it?

5 A. No. It's several months.

6 Q. It's a --

7 A. Yeah.

8 Q. It's not the difference between 24 and 30
9 months. It's more --

10 A. No. More like 24 and 48 or 60.

11 Q. Yes.

12 A. On the other hand, to amplify my agreement
13 with your question, this goes back to a matter that was
14 discussed at some length in the conference room with the
15 Texas State Securities board. You know, Chris Bevel was
16 the attorney representing me and Retirement Value at
17 that time, and it was Mr. Bevel and myself and Bruce
18 Collins, sitting on our side of the table, and
19 Mr. Rotunda and three other people from the Securities
20 Board, and this whole matter of the longevity continuum
21 came up.

22 And what I stated at that time, and I
23 maintain now, is that it's as much art as it is science.
24 The companies that provide life expectancy reports are
25 catering to a certain marketplace, and the dominant

1 model in the life settlement marketplace is the
2 institutional transaction. And they love 10-year and
3 12-year policy LEs, because it drives down the purchase
4 price, and they're typically projecting out 10 or 12
5 years anyway for their investment model.

6 And so I'm not -- I am not saying that
7 Fasano and EMSI and all these other reputable names in
8 the industry are tilting their output, but I am saying
9 they are meeting the needs of their clients, and their
10 clients are institutional transactors. Because the
11 retail/resale segment of the industry, even with the
12 volume that Life Partners contributes to it and that we
13 were beginning to contribute to it, that segment of the
14 life settlement space is a very, very small percentage
15 of the total.

16 And so there aren't a lot of people like
17 Retirement Value or Life Partners clamoring for shorter
18 LEs to meet the needs of the retail client.

19 Q. If you're a purchaser of policies --

20 A. Yes.

21 -- and let's -- on a given insurance policy,
22 if the shorter the LE, the more valuable a policy is.
23 Right?

24 A. Exactly. Yes. Well, only because you expect
25 to get a return on your investment sooner, yes.

1 Q. Right. And you have to pay less in premiums?

2 A. Less in premiums; although, you pay more in
3 purchase price. It's almost a one-for-one offset, by
4 the way.

5 Q. But the point is a policy with a shorter LE
6 carries a higher purchase price?

7 A. Yes, it does.

8 Q. It's more valuable --

9 A. It's a more valuable commodity, yes, sir.

10 Q. It's a more valuable commodity. And when
11 Retirement Value purchased, it purchased based on the
12 Midwest valuation?

13 A. Yes.

14 Q. So, if it turns out that Midwest is wrong and
15 its LEs are inaccurate and really the truth is more on
16 the AVS, Fasano side of the continuum, Retirement Value
17 really overpaid for those policies?

18 A. A contingent yes answer. The answer to your
19 question as asked is yes, but it does hinge on your
20 presumptions that Midwest is not only chronically short,
21 but almost fraudulently short.

22 Q. Well, hence the "if."

23 A. Yes.

24 Q. But it doesn't even have to be fraudulently
25 short. Right?

1 A. Yes.

2 Q. -- that requires less premium reserves.

3 Correct? Than if the policy had --

4 A. Right.

5 Q. -- a 80-month LE?

6 A. Yes.

7 Q. And if it's got lower premium reserves

8 required, it means that more money would be available to

9 sell to clients?

10 A. Yes.

11 Q. And more money would be available to

12 distribute to Retirement Valued

13 A. Except that your equation, the way you're

14 developing it in this question, overlooks the fact that

15 it's a one-for-one tradeoff, as I said a few minutes

16 ago. The longer the LE, yes, we would have to

17 accumulate more premiums, and that would mean that we

18 would have less to sell to clients and less to earn and

19 less to pay licensees. That's a true statement. But

20 the purchase price is almost a direct relationship

21 between LE and the purchase price, and it's almost a

22 one-for-one offset.

23 So I come back to the key point being

24 that it's the desire of the client that we're

25 interacting with across the table -- what's their

1 timeline? Their timeline was never eight years, ten
2 years, 12 years, 14 years. And so there really would
3 not have been any net financial advantage to Retirement
4 Value to buy policies with eight-year LEs because they
5 longer need to accumulate premiums -- LE plus two would
6 be 10 years, but the reduction in purchase price would
7 have been significant.

8 The average purchase price of all the
9 policies that Retirement Value ever acquired was 25.25
10 percent. We paid as little as 13 percent for some, and
11 we paid as much as 35 percent for others, but the
12 average was 25.25 percent, with an average LE of, I
13 think, 56 months, something like that.

14 But what if our average LE had been, you
15 know, 96 months? Then the purchase price would have
16 been proportionately discounted to the point where the
17 need to accumulate more premium would have been about a
18 wash. Not exactly, but very close to a wash.

19 Q. Okay. Given that, why -- and so you -- so the
20 only financial advantage to Retirement Value buying
21 policies with shorter LEs is it's just more attractive
22 to the client base? Is that what you're telling me?

23 A. Yes, sir. It's more attractive to the client
24 base that we were attempting to serve and that our
25 licensees were typically dealing with. A while ago you

1 introduced Scott Schroeder at Milkie/Ferguson in
2 California.

3 Q. Uh-huh.

4 A. Scott Schroeder would have had much more
5 difficulty marketing our product, even to a very wealthy
6 sophisticated client base that he served. He would have
7 had more difficulty presenting this as an opportunity to
8 that client base if the average LE was for 96 months as
9 opposed to 56 months. It just wouldn't be the kind of
10 thing that they would entertain for that part of their
11 assets.

12 Q. Now that you mention client base, you
13 mentioned earlier that Life Partners require that
14 investors be accredited, and that you were advised by
15 Tom Taylor that you need not worry about that?

16 A. That that wasn't a necessary requirement.

17 Q. Now, what do you understand an accredited
18 investor is?

19 A. An accredited investor is someone who has
20 literally registered themselves with the federal
21 authorities based on their asset and declared -- they've
22 declared a certain sophistication and a certain cash
23 flow and an income level that qualifies them to
24 participate in more sophisticated investments.

25 Q. And --

1 A. Okay. Well, that's a fair question. You know
2 what it is because you've hired somebody to do it. But
3 it means that you don't ever -- there is no requirement
4 to pay the premium billed by the carrier to keep the
5 policy in force. All you need to do is cover -- let's
6 say you're doing quarterly premium payments. All you
7 need to pay today is the amount that will cover the cost
8 of insurance for the next three months.

9 And you could have a one dollar cash
10 asset value in the policy, but you don't want to leave
11 that money in the policy because when the insured dies,
12 that money won't be paid out. Just the death benefit
13 will be paid out.

14 Q. Now, the policies you bought were -- we were
15 talking about that you bought were universal life
16 policies. Correct?

17 A. Yes, Sir.

18 Q. And a feature of universal life is the cost of
19 insurance?

20 A. Yes.

21 The cost -- the actual cost to maintain the
22 policies --

23 A. Yes.

24 Q. -- of course, rises every year?

25 A. Yes.

1 Q. And so this premium optimization has to be
2 done --

3 A. On an ongoing basis.

4 Q. Yes. That was my question.

5 A. Yes.

6 Q. It has to be done annually, and --

7 A. No. No, actually we -- we did it quarterly.

8 If we were doing quarterly payments, we did it

9 quarterly. If we were doing monthly -- semi-annual, we
10 did it -- I mean, Marisa Cane did that. She worked with
11 the carriers to make sure -- as I'm doing now with Hill
12 Country Funding and how I instruct you to make premium
13 payments.

14 Q. Uh-huh.

15 A. It was an ongoing, constant process with the
16 carrier. What is the cost of insurance projected to be
17 or what was it last month? And then you can project the
18 increases so that you're always paying enough to have a
19 plus value in the cash account of a policy.

20 Q. What was your premium payment strategy -- or
21 what was Jeremy's premium payment strategy?

22 A. I think -- well, I'll -- I'll answer the
23 question. To pay the least amount of premium possible
24 that would keep the policy from lapsing.

25 Q. I mean, there -- there -- let me give you some

1 examples and maybe we can -- there is the way -- there
2 is one strategy, which is maintain no cash value at all.

3 A. Right.

4 Q. And that's every month, updating the insurance
5 company, how little it will take to keep this in force?

6 A. Yes.

7 Q. That's one strategy.

8 Another strategy is to take a period of
9 time, say, LE or LE plus 24 and get an illustration from
10 the carrier that would say, "Okay, if you're going to
11 keep the policy in force 60 months, these premiums
12 will -- you will pay just enough premium -- there will
13 be a flat payment for 60 months, and at the end of that
14 60 months, it will zero out.

15 A. Right.

16 Q. Well, which one did you guys do?

17 A. I think ours was the "as we go."

18 Q. As we go?

19 A. As we go.

20 Now, Jeremy would get premium -- in fact,
21 that was evolving. In fact, Jeremy worked with Don
22 James, who was more the statistician on that end of
23 things, to modify the report that James Settlement
24 Services provided to RV showing projections of what the
25 premiums should be going forward for LE plus 24.

1 Jeremy got into his job and the more he relied on Marisa
2 as an able assistant, they were relying less and less on
3 what James Settlement Services provided us and they were
4 more content to go with what the carrier provided us.

5 Q. Right. But when you're setting LE plus 24 --

6 A. Uh-huh.

7 Q. -- in the portfolio and it goes out, that
8 number is based on the James number because you guys
9 haven't had --

10 A. Time to interact with the carrier. And we
11 don't have an legal basis for interacting with the
12 carrier because we're not the owners of the policy. We
13 have no standing with the carrier. We can't even ask
14 questions about premiums until we own it.

15 Q. Right. You know, one of the -- one of the
16 issues with the policy or the portfolio is that because
17 of the nature of universal life, you don't know -- is
18 figuring out what the premiums will be after LE plus 24,
19 if, in fact, they survive past that.

20 A. Uh-huh.

21 And I guess one of the things that Jeremy was
22 trying to accomplish was to stretch out the premium
23 reserves as long as possible?

24 A. Uh-huh.

25 Q. Because Jeremy -- and I assume you agreed with

1 this -- felt that it was better for the investors to pay
2 as little as possible --

3 A. Uh-huh.

4 Q. -- going along so that if the insured died
5 within the LE projection, there would be more money to
6 return to the investors?

7 A. Yes.

8 Q. And they were trade -- you were trading off
9 some degree of certainty on the LE plus 24 afterwards --

10 A. Yes.

11 Q. -- in order to get the great of a return for
12 the investors?

13 A. Right. And, of course, as you know from
14 administering the policies yourselves now as the
15 receiver, the -- there is no point in having any extra
16 money internally to the policies because when the
17 insured dies, you get the death benefit. You don't get
18 any accumulated cash value.

19 So we always were trying to keep that as
20 a minimum, spend as little as possible from the cash
21 reserves in the premium accounts main by -- maintained
22 by investing so that there was a chance of the clients
23 getting money back.

24 Q. And that would increase their return if they
25 got something --

1 A. Yes. But what -- what it also did -- and you
2 and I know this -- is it also increased the possibility,
3 or even the probability, that if the insured exceeded
4 LE plus 24, that their contribution on a premium call
5 would -- may end up being higher than we projected.

6 Q. Correct. And that was --

7 A. And that was the downside of the model we were
8 using.

9 Q. And that -- you made a business judgment.
10 Right?

11 A. Yes.

12 Q. And that was -- you traded off and made a
13 business judgment?

14 A. Right. And on my son's recommendation, we
15 changed the wording in those -- the spreadsheets that
16 illustrated the policy, saying, you know, "This is the
17 estimated premium call that you would face in the
18 future."

19 Q. Okay. Let me -- let me -- let me just show
20 you. I want to hit a topic real quick because it's come
21 up some.

22 Can you explain this -- true or false:
23 Retirement Value offered the clients a ten-day free
24 look?

25 A. True.

1 Value and the Kiesling company was the growing pressure
2 from Ron James for him to get more money sooner.

3 Q. Yeah, we will -- I'm going to work my way
4 towards that.

5 A. Okay.

6 Q. Here is what I don't know about initially,
7 So, when RV opens up for business, it's entered into its
8 relationship with the Kiesling law firm?

9 A. Uh-huh.

10 Q. You have got your relationship with Ron James?

11 A. Uh-huh.

12 Q. Did RV start selling interests in policies
13 before it actually owned those policies?

14 A. Often, yes.

15 Q. I mean in the very beginning, the very
16 first --

17 A. Yes.

18 Q. Okay. So, when RV made that very first sale
19 to Investor No. 1, which was probably some fractional
20 interest of --

21 Uh-huh.

22 Q. -- a policy, did it actually own that policy?

23 A. Almost certainly, no.

24 Q. Okay. So RV gets its first 10, 15 investors.
25 That money goes to Kiesling. It's in the Kiesling

1 accounts. And I'm going to use the term -- you sell up
2 all the interest in these policies?

3 A. Uh-huh.

4 Q. Okay?

5 Then what happened with the money? Did
6 Kiesling then, at your request, transfer money to the
7 title company in Oregon or where -- northwest?

8 A. No. It was kind of what the colleges would
9 refer to as rolling admissions. It was done on an
10 ongoing basis. We tried to -- we tried to instruct
11 Kiesling on a weekly basis. And as money -- as the
12 volume increased, sometimes more than once a week, to do
13 a wire transfer of policy purchased monies to Pacific
14 Northwest Title for Ron James. We -- we didn't hold
15 money until a policy was fully subscribed, if that's the
16 question.

17 Q. That is my question.

18 Okay. So money -- you would give
19 instructions then, to the Kiesling law firm, once the
20 funds became --

21 After the ten-day free look.

22 Q. Yeah. Let's call that hard.

23 A. Yeah.

24 Q. To then wire money up and --

25 A. Yes.

1 Q. -- then was the title company -- would they
2 hold those funds, or would they immediately release
3 those funds to Mr. James?

4 A. Yes. Both/and. Both/and.

5 Q. Okay. On the occasions where the funds were
6 actually released to Mr. James without the policy being
7 owned by RV, did Mr. Free, or anyone from the Kiesling
8 law firm, raise any concerns about that?

9 A. Yes.

10 MR. NIELSEN: Objection; form.

11 A. Yes.

12 Q. (By Mr. Weisbart) Okay. And what concerns
13 did they raise?

14 A. Well, the concerns of ownership of -- of
15 the -- it's hard to answer your question without
16 digressing more than I think you want me to, but this
17 was a very fluid situation, especially as -- as to the
18 amount of client money that began to come in very early
19 on.

20 You asked a few moments ago if there was
21 any objection done for the Kiesling law firm on pro
22 forms, on what they could earn by entering into this
23 relationship, and it's almost laughable now to say that
24 when I told Brent Free, like, what our first year sales
25 would be, that it was \$5 million. And when we were shut

1 down, we were taking in between 12 and 16 million
2 dollars monthly. And so the -- the velocity of
3 transactions went -- outstrip beyond anybody's wilde
4 imagination of what would actually happen.

5 Q. Mr. Gray, my question is really simply, was --
6 in the beginning --

7 A. Right.

8 Q. -- as the Kiesling law firm is paying money to
9 the escrow company in the northwest and seeing that they
10 are sending money to Ron James without RV owning the
11 policy, what -- what was Mr. Free saying to you about
12 that?

13 A. He was routinely telling me he disapproved of
14 that and didn't like it.

15 Q. Okay. And did he tell you why he disapproved
16 of that?

17 A. Yes. Because he was releasing monies before
18 there were policy ownership changes.

19 Q. Okay. And did it -- from what he told you,
20 did he become aware, or the Kiesling law firm become
21 aware that money was being released before RV got
22 ownership of those policies pretty early in the -- in
23 the history of RV?

24 A. Yes.

25 Q. Okay. And was he raising those objections to

1 you in the beginning?

2 A. All along.

3 Q. Okay. And what would you say in response
4 those objections?

5 A. That Retirement Value was managing the rapid
6 growth of the company as well as we could.

7 And leaping ahead to a question you
8 haven't asked yet, let me answer it anyway. I think it
9 reached a point where if we hadn't gotten a handle on
10 our monies, as we did beginning in December -- you know,
11 December 1st of 2009 -- if we at Retirement Value had
12 not addressed those issues, it was very clear to myself
13 and to Wendy and to my son, Jeremy, and Katie and
14 everybody at Retirement Value, that Kiesling was
15 prepared to terminate the relationship with us. They
16 were that unhappy with how we were doing it.

17 Q. Okay. I'm not going to jump forward until I'm
18 ready for it, but I want to know the answer to one
19 question. Did Kiesling ever terminate the relationship
20 with RV?

21 A. No.

22 Q. Did they ever not accept payment for their
23 services?

24 A. Not to my knowledge, no.

25 Q. Let's go back in time, though, to this very

1 beginning. As policies are being purchased with client
2 money or -- or money is going to Ron James without a
3 policy and Mr. Free is raising an objection, did RV ever
4 stop doing that?

5 A. No, because it was a process -- I think it's
6 fair to characterize it as a process of educating Brent
7 Free, a very conservative tax type attorney, on the
8 reality of this fluid commodity market class that he was
9 participating in.

10 What we were doing at Retirement Value is
11 absolutely the norm in the industry.

12 Q. Do you know if Mr. Free did anything, other
13 than talking to you, to determine if that, in fact, is
14 the norm in the industry?

15 A. I have no knowledge of that.

16 Q. Okay.

17 A. So my answer would be, no, I don't know.

18 Q. All right. So was there a point in
19 time that -- let's use my \$50,000. I have put my
20 \$50,000 with the Kiesling law firm.

21 A. Yes.

22 Q. A portion of it has been put into this escrow
23 account to be the LE plus 24?

24 A. Yes.

25 Q. Do you understand what I'm talking about?

1 A. Yes.

2 Q. Was there a point in time when you directed
3 the Kiesling law firm to take my money in my escrow
4 account and my co-investor's money and send it up to
5 either Ron James or the title company to buy someone
6 else's policy?

7 A. Yes.

8 Q. Okay. When did that first start happening?

9 A. From the very beginning.

10 Q. And did Mr. Free -- was Mr. Free and the
11 Kiesling law firm aware of the fact that you had
12 marketed to me, the investor, that my funds would stay
13 in my escrow account for the benefit of my investment to
14 pay my premiums as they come due?

15 A. Well, they weren't just to stay there
16 to pay premiums. They were to be used to buy policies.

17 Q. Well, let me go back. Okay. Isn't it true
18 that you had marketed to investors, like me --

19 A. Right.

20 Q. -- call me an investor. That what I have been
21 marketed and told is that my money is going to be put in
22 an escrow account with a law firm and we're going to
23 figure out 24 months worth of premiums and the law firm
24 is there to protect my money. Right?

25 A. Uh-huh.

1 Q. Is that true?

2 A. Yes.

3 Q. Okay. And that's what was marketed?

4 A. Yes.

5 Q. And what I'm asking you is: Did the Kiesling
6 law firm know that you had marketed that my funds would
7 stay with Kiesling in that account and be protected?

8 A. I believe that's correct, yes.

9 Q. Okay. But from the very beginning, my
10 funds -- or Kiesling was directed to take my funds and
11 send them to go buy a policy that you would sell to
12 someone else?

13 A. Yes.

14 Q. Now, the understanding was that at some point
15 in time, there would be money that would be put back
16 into my escrow account. Right?

17 A. Yes.

18 Q. Okay. What I want to know is what lawyers at
19 the Kiesling law firm, besides Brent Free, knew that you
20 were directing the Kiesling law firm to send my money to
21 go buy a policy to sell to someone else?

22 A. I don't know the answer to that question. I
23 could -- I would surmise that Kristen did. And the
24 reason I would is that there was -- in this -- in this
25 very fluid situation, they objected to that, and it was

1 fixed on December 1st.

2 Q. Okay. But they raised the objection. They
3 raised the objection from the very beginning.

4 A. Yes.

5 Q. Okay. But they followed your request.

6 A. Yes.

7 Q. Okay. So January, February, March, first
8 quarter, second quarter, third quarter, every time RV
9 asked the Kiesling law firm to send these funds, the
10 Kiesling law firm did it?

11 A. Yes.

12 Q. Okay. Now, was there a point in time when you
13 were -- you needed to try and get some sort of -- you
14 felt there needed to be an equalization of those escrow
15 accounts?

16 A. Yes.

17 Q. And that is that even though I believed that
18 in my account I had LE plus 24, I might not have had
19 that in my account?

20 A. That's correct.

21 Q. Okay. And was there an effort to find a CPA
22 to help equalize that?

23 A. No. It wasn't done through a CPA. It was --
24 it was done partly by Retirement to Value doing a
25 1 million -- we reached a crisis relationship with our

1 A. When my son, Jeremy, came onboard in August
2 and began his day-to-day working relationship with Ron
3 James, that was actually the beginning of the end of
4 James running the company on a day-to-day basis.

5 Q. Okay. But I need you to answer my --

6 A. But it still -- okay.

7 Q. Please answer my question.

8 A. The question again is?

9 Q. My question was: With the -- the line of
10 credit being extended up to 9 million, why is it that
11 you still needed to reach in and have Kiesling take my
12 funds, the LE plus 24, to buy, in effect, new policies
13 to sell to another investor?

14 A. Because of an internal accounting glitch that
15 we corrected on December 1st.

16 Q. Okay. When did -- when did you realize that
17 there was an imbalance being created?

18 A. Oh, very early on.

19 Q. Okay.

20 A. During -- certainly -- certainly during the
21 summer.

22 Q. When did you realize that if you stopped
23 selling -- just said, "You know what? We are going to
24 stop. We're going to equalize everything, not sell any
25 more" -- when did you realize that that would send a

1 happen to every dollar of client money to rebalance
2 those accounts.

3 Q. Okay. Right now, for purposes of this
4 question, I don't care what the spreadsheets either
5 Kiesling had or Katie had said.

6 A. Okay.

7 Q. The fact of the matter is that if -- when the
8 C&D occurred --

9 A. Yes, yes.

10 Q. -- those actual accounts in Wells Fargo were
11 imbalanced?

12 A. Yes.

13 Q. Okay. Now, apparently there's some discussion
14 agreement December 1st that they need to be balanced and
15 corrected. C&D hits March, whatever, 30th and 31st. So
16 about four months later. Why weren't they balanced as
17 of March 30th?

18 A. They -- they were, but the --

19 Q. I'm talking about --

20 A. -- the movement of the money had not occurred.

21 Why had the movement of the money not
22 occurred?

23 A. Day-to-day operational priorities.

24 The reason -- the reason that I know that
25 this timeline is critical -- this timeline is critical

1 is that we established that the first fiscal year for
2 Retirement Value would end on April 30th and that there
3 would be an audit done of our books. We retained the
4 Sol Schwartz CPA firm in San Antonio to perform that
5 audit as of April 30th, and we knew that we had to
6 April 30th drop-dead date to have all the monies
7 properly accounted for and all the policies rebalanced.

8 So the money not only was there but
9 continues to be there at Kiesling -- in Wells Fargo,
10 wherever their money is now. The money is accounted
11 for, but I don't know that Brent or anybody on the
12 Kiesling side ever got around to and we never got around
13 to saying, "As of this date, do this" -- to moving the
14 money. But the money is there.

15 Q. Here's -- all I'm trying to do is find out,
16 though -- and if you have a better reason than just
17 being busy or the Kiesling law firm was busy -- as to
18 why, if it was so important to ensure that there --
19 there was no more taking of money out on March 31st and
20 everybody had been saying, "It's not right to take my
21 money out" --

22 A. Right.

23 Q. -- why weren't those actual accounts balanced
24 on the day of the C&D? Do you have any other
25 explanation other than the law firm was busy and

1 day-to-day operations?

2 MR. NIELSEN: Objection; form.

3 A. No, I don't. But I do remember the very
4 specific meeting at the Kiesling --

5 Q. (By Mr. Weisbart) I'm not --

6 A. I --

7 Q. -- interested in the meeting, Mr. Gray.

8 A. Well, I am.

9 Q. Well, you can keep it to yourself. I asked a
10 question, whether you had any other explanation, and you
11 have answered that question.

12 A. Okay.

13 Q. When was Mr. Sol Schwartz hired?

14 A. I don't recall. There's an engagement letter,
15 and the receiver has all those files.

16 Q. Did the Kiesling law firm know that you were
17 seeking to hire Mr. Schwartz?

18 A. Absolutely.

19 Q. When did they know you were seeking to hire
20 Mr. Schwartz?

21 A. For months, because two CPAs from the Sol
22 Schwartz law firm participated in meetings at Kiesling
23 on this subject.

24 Q. Okay. And did the accounting firm then become
25 aware of the fact that RV was using -- again, back to my

1 Certified to by me this the _____ day of

2 _____, 2010.

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Steven Stogel



Steven Stogel
CSR 6174
Expiration Date: December 31, 2010
Firm No.: Dallas: 69 Houston: 373
1-888-656-DEPO

Unofficial copy Travis Co. District Clerk Volva L. Price

STATE OF TEXAS,

Plaintiff,

v.

RETIREMENT VALUE, LLC,
RICHARD H. "DICK" GRAY, HILL
COUNTRY FUNDING, LLC, a
Texas Limited Liability Company,
HILL COUNTRY FUNDING, a Nevada
Limited Liability Company, and
WENDY ROGERS,

Defendants,

AND

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

Relief Defendant.

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

126th JUDICIAL DISTRICT

AFFIDAVIT OF EDUARDO S. ESPINOSA

BEFORE ME, the undersigned authority, on this day personally appeared Eduardo S. Espinosa, who is personally known to me, and after being duly sworn according to law, upon his/her oath duly deposed and said:

1. My name is Eduardo S. Espinosa. I am over the age of twenty-one (21) years, of sound mind, and fully competent to testify in this cause. I have personal knowledge of the facts stated herein, all of which are true and correct.
2. I am a partner in the law firm of K&L Gates, LLP. I was admitted to practice law in the State of Louisiana in 1996 and in the State of Texas in 1999. Prior to entering private practice, I was an Enforcement Attorney with the United States Securities and Exchange

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Commission, where I investigated violations of and enforced the antifraud provisions of the federal securities laws.

3. The Court appointed me as the receiver for Retirement Value, LLC, a Texas limited liability company ("Retirement Value"), and the assets derived there from of Richard H. "Dick" Gray ("Gray") and Bruce Collins ("Collins") pursuant to the First Amended Temporary Restraining Order and Order Appointing Receiver entered on May 5, 2010 (as extended as to all Defendants on May 12, 2010 and as extended as to Collins on June 2, 2010, the "First Amended TRO") in the cause number 10-1-GV-10-000454 and styled *State of Texas v. Retirement Value, LLC, Richard H. "Dick" Gray, and Bruce Collins, Defendants, and Kiesling, Porter, Kiesling, & Jeter, P.C., Relief Defendant*, in the 126th District Court of Travis County, Texas ("Retirement Value Lawsuit").
4. I continue as the court-appointed receiver for Retirement Value and Gray's assets derived there from pursuant to the Agreed Temporary Injunction Order Against Defendants Retirement Value LLC and Richard H. "Dick" Gray and the Relief Defendant and Order Appointing Receiver entered on May 28, 2010 (the "Gray TI and Order Appointing Receiver") in the Retirement Value Lawsuit.
5. Initially, the First Amended TRO and now, the TI directs me to, among other things: take control of the property, assets, books, records, and the physical premises of Retirement Value; conduct and manage the business affairs of Retirement Value; notify investor-victims; and assist the State Securities Board and the Attorney General with their investigations of the Defendants' violations of the Securities Act and other laws of the State of Texas.

6. In the course of my investigation of the business affairs of Retirement Value, I personally interviewed several Retirement Value employees, including without limitation, Gray on May 6, 2010, and Wendy Rogers ("Rogers") on May 7, 2010. Further, my agents interviewed several Retirement Value employees, including without limitation Carie Morales ("Morales") on May 11, 2010. I have also reviewed numerous documents and other records I or my agents found in Retirement Value's offices located at 707 N. Walnut, New Braunfels, Comal County, Texas.
7. According to Retirement Value's governing documents, which were in-part found in Retirement Value's offices and in-part supplemented and corroborated by Gray's production of documents pursuant to his interview Rogers has been a member, manager and officer of Retirement Value since its formation.
8. According to Retirement Value's corporate records, Rogers is a member of Retirement Value, owning 20% of the membership interests therein.
9. Retirement Value's Minutes of Organizational Meeting dated as of March 1, 2009, Rogers was appointed as "Manager2", there being only two managers, and as Director of Special Services. Retirement Value's records further reflect her acceptance of those roles as of that date.
10. Among the records I reviewed were QuickBooks accounting files maintained by Retirement Value and by Kiesling Porter Kiesling & Free, PC ("KPKF"), who acted as the principal escrow agent for Retirement Value's Resale Life Insurance Policy Program ("SSLIP"). I also reviewed bank records, wire transfer instructions, payment instructions and escrow release instructions evidencing the movement of funds among the accounts maintained by KPKF on behalf of Retirement Value and the transfer of funds from KPKF

to Pacific Northwest Title, which acted as the escrow agent pursuant to the policy purchase agreements between Retirement Value and James Settlement Services. I also reviewed accounting records provided by Pacific Northwest Title. All of these records have been produced to the parties. Because of the size of these records, I have summarized relevant portions of them in this affidavit.

11. In my review of these records, I identified more than 80 instances where Retirement Value instructed KPKF to pay for a policy using funds reserved for other policies. I also identified numerous instances where Retirement Value also allowed James Settlement Services to direct Pacific Northwest to use funds directed to the purchase of one policy for the purchase of a different policy. As an example, Retirement Value sent in excess of \$4 million to Pacific Northwest on account of policy PL1140-111109-DM. Of those funds, only \$2.36 million was applied to that policy. In addition, there were a number of accounts at Pacific Northwest which had positive balances even after the policy had been paid in full and delivered. In other instances, Pacific Northwest applied more to a given policy than the stated purchase price or than Retirement Value sent on account of that policy.
12. I also discovered that Retirement Value routinely directed KPKF to deliver funds to Pacific Northwest for the purchase of policies before Retirement Value had raised and received sufficient funds from investors to pay the purchase price of the policy and to maintain the promised premium reserve. In a number of instances, Retirement Value directed KPKF to deliver funds to Pacific Northwest ever before Retirement Value had raised and received sufficient funds from investors to pay for the purchase price. These instructions created a risk that Retirement Value would purchase policies but be unable to

establish the promised reserves to pay premiums creating a risk of default by Retirement Value on the investments tied to that policy. In most cases, these funds were released to Pacific Northwest without requiring delivery of the policies which the funds were to purchase.

13. In addition, my review of the records indicates Retirement Value routinely allowed Pacific Northwest to disburse funds to James Settlement Services as funds became available and without requiring delivery of the policies. Allowing the escrow agent to disburse funds without requiring the delivery of policies being purchased defeats the purpose of the escrow and leads to a risk that policies would be paid for and not delivered. As of the date I was appointed (May 5, 2010), Retirement Value was party to contracts to purchase 12 policies of insurance from James Settlement Services. At Retirement Value's instructions, KPFF had delivered \$7.1 million towards the purchase of these policies; of which \$6.5 million had been released to James Settlement Services without delivery of the policies.

14. The mishandling of the reserve accounts described above caused Retirement Value to have less in reserve than it promised as part of the RSLIP. According to the RSLIP documents, Retirement Value agreed to maintain sufficient reserves to pay premiums on the policies it required for the life expectancy of the insured (as calculated by Midwest Medical Review) plus 24 months. As of May 5, 2010, the reserve accounts for the fully subscribed policies on a net basis were short by \$272,159.87. Some of the reserve accounts on the fully subscribed policies had more than the required amount while others had less than the required amount. When the reserve accounts for the policies that were not fully subscribed are included, the total reserves are short by \$14.2 million from the

LE+24 level promised by Retirement Value. Taking into account reserves allocated for policies not acquired and for \$2.6 million of investor money that was never placed into reserve accounts, the total reserve shortfall (from the LE + 24 level) is approximately \$3 million. I have attached my calculations of the reserve shortfalls as Exhibit A to my affidavit.

15. Attached as Exhibit B to my affidavit is a true and correct copy of the Certificate issued by Deputy Securities Commissioner John Morgan dated March 24, 2010, a certified copy of which was attached as Exhibit B-4 to Plaintiff's First Amended Verified Petition.
16. Attached as Exhibits C, D, E, F, G, H, I, J, and K are true and correct copies of documents that are kept by Retirement Value in the regular course of its business, and such records are made at the time of the acts, transactions, occurrences and/or events reflected in the records, or within a reasonable time thereafter, by someone with personal knowledge of such acts, transactions, occurrences and or events.

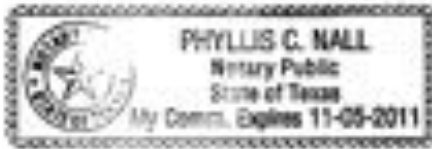
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FURTHER AFFIANT SAYETH NOT.


Eduardo S. Espinosa

SUBSCRIBED AND SWORN TO BEFORE ME this 20th day of July, 2011.


Notary Public



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Exhibit A

Unofficial copy Travis Co. District Clerk Velva L. Price

Exhibit B

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STATE SECURITIES BOARD

AUSTIN, TEXAS

CERTIFICATE

I, JOHN R. MORGAN, Deputy Securities Commissioner of the State of Texas, do hereby certify that I have caused to be made a careful examination of the records of securities registered and permits issued as authorized under the provisions of House Bill 521, Chapter 100, Acts of the 44th Legislature, Regular Session, as amended, such Act being effective May 23, 1935, Senate Bill 149, Chapter 67, Acts of the 54th Legislature, and House Bill 39, Chapter 384, Acts of the 54th Legislature, both Regular Session, as amended, such Acts being effective September 6, 1955, and Senate Bill 294, Chapter 269, Acts of the 55th Legislature, Regular Session, as amended, such Act being effective August 1, 1957, known and cited as "The Securities Act," and from such examination, I do hereby certify:

That, for the period from March 1, 2005 to the present, such records fail to reflect that any securities issued by RETIREMENT VALUE, LLC have been registered by Qualification, Notification, and Coordination, and further fail to reflect that a permit has been granted for the sale of such securities in the State of Texas.

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of the State Securities Board at my office in the City of Austin, this

24th day of March, 2010.


JOHN R. MORGAN
Deputy Securities Commissioner

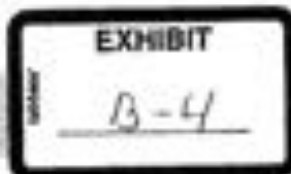


Exhibit C

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MINUTES OF ORGANIZATIONAL MEETING OF

Retirement Value, LLC, a Texas Limited Liability Company

The Organizational Meeting of the Company was held at New Braunfels, Texas, on the 1st of March 2009 at 1:00 o'clock p.m.

All Members were present. The temporary chairman announced that the purpose of the meeting is to adopt the Operating Agreement and consider certain other business, especially the naming of company officers and the designating of operating titles for the ensuing year. Upon motion duly made, seconded and carried, Richard H. Gray was elected Chairman of the meeting.

The Members were then presented with a proposed draft of the Operating Agreement for the Company. After a discussion was held, on motion duly made, seconded and carried, IT WAS RESOLVED that the proposed draft of the Operating Agreement be adopted.

Nominations for Manager(s), President, Treasurer and Secretary were called for. On motion duly made, seconded and carried, IT WAS RESOLVED that the following persons were elected Manager(s) and Officers for the ensuing year:

Manager 1: Richard H. Gray

Manager 2: Wendy L. Rogers

President: Richard H. Gray

Treasurer: David A. Gray

Secretary: Catherine H. Gray

Nominations for various operating positions were called for. On motion duly made, seconded and carried, IT WAS RESOLVED that the following persons were elected to have the following operating titles for the ensuing year:

Chief Executive Officer: Richard H. Gray

Chief Financial Officer: David A. Gray

Director of Special Services: Wendy L. Rogers

Director of Client Services: Elizabeth S. O. Gray

On motion duly made, seconded and carried, IT WAS RESOLVED that at this time any/all "Certificate(s) of Ownership" shall be simply maintained in these minutes without additional papers or formal written separate certificates.

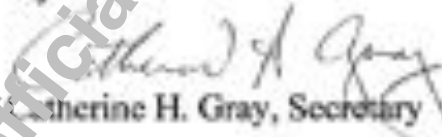
On motion duly made, seconded and carried, IT WAS RESOLVED that the Secretary be authorized to record ownership shares and capitalization amounts as follows:

Minutes of Organizational Meeting – page 3

<u>Name and Address</u>	<u>Capital Contribution</u>	<u>Initial Percentage</u>
Richard H. Gray 1954 Round Table, New Braunfels, TX 78130	\$350.00	35%
Catherine H. Gray 1954 Round Table, New Braunfels, TX 78130	\$250.00	25%
Wendy L. Rogers 320 Meadow Park, New Braunfels, TX 78130	\$200.00	20%
David A. Gray 1945 Squire Circle, New Braunfels, TX 78130	\$100.00	10%
Elizabeth S. O. Gray 1945 Squire Circle, New Braunfels, TX 78130	\$100.00	10%

The Members of the company then entertained a verbal resolution designating Wells Fargo Bank, NA, 1000 North Walnut Avenue, New Braunfels, TX 78130 as the bank for the Company banking transactions. On motion duly made, seconded and carried, IT WAS RESOLVED that Wells Fargo Bank, NA, at the above referenced address is the primary bank for the Company. IT WAS FURTHER RESOLVED that the appropriate Officer(s) be and are authorized and directed to execute this Company resolution and when so executed it will become a binding obligation on the Company.

There being no further business to come before the meeting, it was adjourned.


Catherine H. Gray, Secretary

MINUTES OF A REGULAR BUSINESS MEETING OF

Retirement Value, LLC, a Texas limited liability company

A regular business meeting of the Company was held at New Braunfels, Texas, on the 1st of March 2009 at 1:30 o'clock p.m.

All Members were present. Richard H. Gray in his capacity as Manager 1 as well as President entertained the following motions for consideration and action:

On motion duly made, seconded and carried, IT WAS RESOLVED that Retirement Value, LLC on an as-needed basis during its start-up phase accept from time to time certain loans that may become available from Hill Country Funding, LLC, a Texas limited liability company, said loans to carry an interest rate not lower than 7% simple interest per-annum and a maturity date not longer than thirty-six (36) months from the initiation date of each such loan. Said resolution contained the further provision that prior to the repayment of any such loan to Hill Country Funding, LLC, the Treasurer shall present to the Members for approval at a regular business meeting the stated repayment amount with correct interest. Finally, there shall be no pre-payment penalty on any such loan(s).

On motion duly made, seconded and carried, IT WAS RESOLVED to hire Kathaleen J. Hensley, 160 Stephen Court, Kyle, Texas, 78640, to

fill an operating position as and to utilize the operating title of Manager of Licensee Services, a dual-function role in which she will report to Wendy L. Rogers as Director of Special Services and assist David A. Gray as Chief Financial Officer with the servicing of re-sale life insurance policies in the inventory of Retirement Value, LLC. The compensation for this position shall be \$52,000.00 annually, to be paid at the part-time hourly rate of \$25.00 based on a 52-week/40-hour-weekly work year, with not fewer than 10 hours paid in any two-week invoice period.

On motion duly made, seconded and carried, IT WAS RESOLVED to contract with the law firm of Kiesling, Porter, Kiesling & Free, P.C., 348 East San Antonio Street, New Braunfels, TX 78130, to be Escrow Agent representing client-participants of Retirement Value, LLC, in the re-sale life insurance business, the several and various duties, responsibilities, fees and obligations of each party being further delineated within the Escrow Agreement, and that the President as Manager 1 is hereby authorized to consummate said agreement with Kiesling, Porter, Kiesling & Free, P.C.

On motion duly made, seconded and carried, IT WAS RESOLVED that Wells Fargo Bank, NA, 1000 North Walnut Avenue, New Braunfels, TX, 78130, be sole depository for all client-participant monies controlled

by the Escrow Agent for the Company's re-sale life insurance business.

On motion duly made, seconded and carried, IT WAS RESOLVED that the following annual compensation is awarded for the ensuing year effective at the adjournment of this Regular Business Meeting 03-01-2009:

\$150,000.00 - President / CEO - Richard H. Gray - to be paid \$12,500.00 monthly as the company is able and in-full back to this effective date of 03-01-2009 as the company is able.

\$130,000.00 - Treasurer / CFO - David A. Gray - to be paid \$10,833.33 monthly as the company is able and in-full back to this effective date of 03-01-2009 as the company is able.

\$25,000.00 - Secretary - Catherine H. Gray - to be paid \$6,250.00 quarterly with the 1st payment not earlier than July 1, 2009, for the pro-rata four- (4) month period commencing 03-01-2009 and ending 06-30-2009 in the one-time amount of \$8,333.33 versus the normal \$6,250.00.

\$80,000.00 - Director of Special Services - Wendy L. Rogers - to be paid at the part-time hourly rate of \$38.46 based on a 52-week - 40-hour-weekly work year commencing immediately, with not fewer than 10 hours paid in any two-week invoice period.

\$75,000.00 - Director of Client Services - Elizabeth S. O. Gray - to be paid \$6,250.00 monthly as the company is able and in-full back to this effective date of 03-01-2009 as the company is able, with priority to be given to paying this full-time salaried position before the President and / or Treasurer is / are paid.

On motion duly made, seconded and carried, IT WAS RESOLVED to compensate Kathaleen J, Hensley in her capacity as Manager of Licensee

Services the current rate of \$25.00 hourly, with not less than 10 hours in any two-week invoice period, until 05-31-2009; on 06-01-2009 to raise compensation for the Manager of Licensee Services to \$65,000.00 annually to be paid at a part-time hourly rate of \$31.25 based on a 52-week, 130-hour-weekly work year, with not fewer than 10 hours paid in any two-week invoice period.

On motion duly made, seconded and carried, IT WAS RESOLVED that current contracting and marketing paperwork and forms being developed as part of start-up operations of Retirement Value, LLC, and any future such contracting and marketing paperwork and forms as may be required from time to time, may be developed by the various Managers, Members, Officers and operating personnel of said Company and implemented upon a general consensus of the Management Team – without there being any requirement of a formal business meeting of the Company; notwithstanding, that any Member may individually call such a formal business meeting at any time if he / she determines in his / her view that such a formal business meeting is the appropriate way to resolve key issues and matters.

There being no further business to come before the meeting, it was adjourned.


Catherine H. Gray, Secretary

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RESOLUTION
OWNERSHIP AND OTHER KEY CHANGES
Retirement Value, LLC

WHEREAS, March 6th, 2009, Elizabeth S. O. Gray submitted her resignation from Retirement Value, LLC as Director of Client Services;

WHEREAS, the four other Members of Retirement Value, LLC have elected to extend the resignation of Elizabeth S. O. Gray to include a change in the ownership of Retirement Value, LLC; be it

RESOLVED, that the four remaining Members of Retirement Value, LLC hereby reassign, effective immediately, the initial 10% ownership share held by Elizabeth S. O. Gray in said company to her husband, David A. Gray, thus increasing his net share from 10% to 20% and maintaining their net household ownership share at 20%; and be it further

RESOLVED, that the \$100 initial capitalization fee paid by Elizabeth S. O. Gray for her initial 10% share in said company now shall be credited to David A. Gray, in effect making his initial capitalization \$200 total.

Dated at New Braunfels, Texas, this 24th day of March 2009 at a Special Meeting of the Members of Retirement Value, LLC personally attended by Richard H. Gray, Wendy L. Rogers and David A. Gray and Catherine H. Gray by telephone consultation and agreement.

RETIREMENT VALUE, LLC

By Richard H. Gray
Richard H. Gray, Manager

Dick Gray

From: Dick Gray [rgray@retirementvalue.com]
Sent: Friday, March 06, 2009 9:40 AM
To: 'Liz Gray'; 'Liz Gray'
Cc: 'Catherine Gray'; 'Gray, David A.'; 'rgray@retirementvalue.com'; 'Wendy Rogers'
Subject: RE: Answer to your e-mail

Betsy:

With profound sadness - yet with respect for your prayerful thought-process, deliberations and final conclusion - I accept your resignation from Retirement Value, LLC. As both the president of the company and your brother-in-law it all along has been my purpose and hope to work out an understanding that would permit Retirement Value, LLC and it's other Members, associates, licensees and client-participants to benefit from the many contributions you would have made as a Member and as the Director of Client Services.

I will assign to others or assume myself the immediate tasks on which you have been working, such as copyrighting or obtaining a trademark for our logo, etc. Please do forward me the participant paperwork so that hopefully can be completed today.

At an appropriate time the other Members will meet with the intent to transfer to David your 10% Member share, giving David a net 20% Member share.

Richard

CONFIDENTIALITY NOTICE – The documents and information accompanying this electronic transmission contain information belonging to Retirement Value, LLC which is confidential and/or legally privileged under Federal privacy laws. It is intended only for the exclusive use of the addressee. If the reader of the message is not the intended recipient, or the agent or employee of an agent responsible for delivering it to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited by law. If you have received this communication in error, please notify us by telephone immediately. Unauthorized interception of this electronic transmission is a violation of Federal criminal law.

From: Liz Gray [mailto:lgray@hillcountryfunding.com]
Sent: Friday, March 06, 2009 9:20 AM
To: 'Dick Gray'; 'Catherine Gray'; wrogers@hillcountryfunding.com
Cc: 'Gray, David A.'
Subject: Answer to your e-mail

Richard, Cathy and Wendy:

After much prayer and thought and to not let this linger any longer, I hereby submit my resignation as a member of Retirement Value, LLC, effective immediately. Reading and re-reading your e-mails, it's very apparent that the qualities you seem to see in me just don't fit into your vision for Retirement Value. I have no doubt that the business will flourish.

Richard I will send you via e-mail all the participant documents in Word format later today.

Respectfully submitted,

3/24/2009

RVR016964

Liz Gray

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3/24/2009

RVR016965

RESOLUTION

CHANGE OF SIGNATORIES, WELLS FARGO BANK, N.A.

Hill Country Funding, LLC

WHEREAS, March 6th, 2009, Elizabeth S. O. Gray submitted her resignation from Retirement Value, LLC as Director of Client Services and active steps will be taken by the remaining Members of Retirement Value, LLC to reassign her 10% ownership share in that company to her husband, David A. Gray;

WHEREAS, the two Members of Hill Country Funding, LLC have elected to consider Elizabeth S. O. Gray's resignation from Retirement Value, LLC as a simultaneous resignation from Hill Country Funding, LLC as an Associate; and

WHEREAS, at this time Elizabeth S. O. Gray is the only other signer for all Hill Country Funding, LLC accounts at Wells Fargo Bank, N.A., including the Safe Deposit Box; therefore, it is

RESOLVED, that effective immediately Elizabeth S. O. Gray be removed as a signer for all and all business accounts at Wells Fargo Bank, N.A. held by Hill Country Funding, LLC; and it is further

RESOLVED, that David A. Gray be considered an Associate of Hill Country Funding, LLC and become the new second signer at Wells Fargo Bank, N.A. on all accounts held by Hill Country Funding, LLC, including the Safe Deposit Box.

Dated at New Braunfels, Texas, this 22nd day of March 2009.

HILL COUNTRY FUNDING, LLC



Catherine H. Gray, Manager

Dick Gray

From: Dick Gray [dgray@retirementvalue.com]
Sent: Friday, March 06, 2009 9:40 AM
To: 'Liz Gray'; 'Liz Gray'
Cc: 'Catherine Gray'; 'Gray, David A.'; 'dgray@retirementvalue.com'; 'Wendy Rogers'
Subject: RE: Answer to your e-mail

Betsy:

With profound sadness - yet with respect for your prayerful thought-process, deliberation, and final conclusion - I accept your resignation from Retirement Value, LLC. As both the president of the company and your brother-in-law it all along has been my purpose and hope to work out an understanding that would permit Retirement Value, LLC and it's other Members, associates, licensees and client-participants to benefit from the many contributions you would have made as a Member and as the Director of Client Services.

I will assign to others or assume myself the immediate tasks on which you have been working, such as copyrighting or obtaining a trademark for our logo, etc. Please do forward to me the participant paperwork so that hopefully can be completed today.

At an appropriate time the other Members will meet with the intent to transfer to David your 10% Member share, giving David a net 20% Member share.

Richard

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Sent: Friday, March 06, 2009 9:20 AM
To: 'Dick Gray'; 'Catherine Gray'; wrogers@hillcountryfunding.com
Cc: 'Gray, David A.'
Subject: Answer to your e-mail

Richard, Cathy and Wendy:

After much prayer and thought and to not let this linger any longer, I hereby submit my resignation as a member of Retirement Value, LLC, effective immediately. Reading and re-reading your e-mails, it's very apparent that the abilities you seem to see in me just don't fit into your vision for Retirement Value. I have no doubt that the business will flourish.

Richard I will send you via e-mail all the participant documents in Word format later today.

Respectfully submitted,

3/24/2009

RVR016967

Liz Gray

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Unofficial copy Travis Co. District Clerk Velva L Price

3/24/2009

RVR016968



MINUTES OF A SPECIAL BUSINESS MEETING

Retirement Value, LLC, a Texas limited liability company

A special business meeting of the Company was held at New Braunfels, Texas, on the 20th of June 2009 at 9:00 o'clock a.m.

Three of four members were present – Richard H. Gray, Catherine H. Gray, David A. Gray. The 4th member, Wendy Rogers, participated by speaker-phone. Richard H. Gray in his capacity as Manager 1 as well as President entertained the following motion for consideration and action:

On motion duly made, seconded and carried, IT WAS RESOLVED that Retirement Value, LLC will move to Frost Bank in New Braunfels all banking accounts and all other banking activity, the exact timing to be determined by David A. Gray as Controller and CFO. The exact timing and actions needed to completely end the banking relationship between Retirement Value, LLC and Wells Fargo Bank, N.A. shall be determined by David A. Gray as Controller and CFO.

Nothing in this resolution is intended to impact the entirely separate considerations of the law firm of Kiesling, Porter, Kiesling & Free in their capacity as Escrow Agents for Retirement Value, LLC and their entirely separate current dealings with Wells Fargo Bank, N.A.

There being no further business to come before the meeting, it was adjourned.


Catherine H. Gray, Secretary



MINUTES OF A SPECIAL BUSINESS MEETING

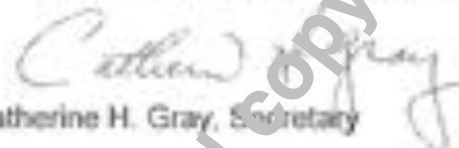
Retirement Value, LLC, a Texas limited liability company

A special business meeting of the Company was held at New Braunfels, Texas, on the 30th of June 2009 at 8:00 o'clock p.m.

Three of four members were present – Richard H. Gray, Catherine H. Gray, David A. Gray. The 4th member, Wendy Rogers, participated by speaker-phone. Richard H. Gray in his capacity as Manager 1 as well as President entertained the following motion for consideration and action:

On motion duly made, seconded and carried, IT WAS RESOLVED that Retirement Value, LLC expand its office presence in New Braunfels by renting the property known as 1040 North Walnut Avenue, Suite B, New Braunfels, Texas 78130, said property consisting of approximately 1,100 square feet. The basis of the three (3) year lease being, \$1,539 monthly year one; \$50 monthly increase year two @ \$1,589 and another \$50 monthly increase year three @ \$1,639 – plus a pro-rata share of the electric bill. Janitorial services are included.

There being no further business to come before the meeting, it was adjourned.


Catherine H. Gray, Secretary



MINUTES OF A SPECIAL BUSINESS MEETING

Retirement Value, LLC, a Texas limited liability company

A special business meeting of the Company was held at New Braunfels, Texas, on the 30th of June 2009 at 8:00 o'clock p.m.

Three of four members were present – Richard H. Gray, Catherine H. Gray, David A. Gray. The 4th member, Wendy Rogers, participated by speaker-phone. Richard H. Gray in his capacity as Manager 1 as well as President entertained the following motions for consideration and action:

On motion duly made, seconded and carried, IT WAS RESOLVED that Retirement Value, LLC reduce to 3.5% from 7.0% the simple annual interest on certain funds advanced by either Hill Country Funding, LLC or Richard H. Gray and / or Catherine H. Gray as individuals in the form of start-up loans for Retirement Value, LLC.

On motion duly made, seconded and carried, IT WAS RESOLVED that Retirement Value, LLC immediately hire Ms. Tracy Moss of Newton, New Jersey, as Manager of Licensee Development at an initial salary of \$75,000 per annum plus travel expenses, or based on a 52-week year and a 40-hour week, at the part-time hourly rate of \$36.06.

On motion duly made, seconded and carried, IT WAS RESOLVED that Retirement Value, LLC immediately hire Mrs. Elizabeth S. O. Gray of New Braunfels, Texas, as Compliance Officer at an initial salary of \$75,000 per annum plus travel expenses, or based on a 52-week year and a 40-hour week, at the part-time hourly rate of \$36.06.

There being no further business to come before the meeting, it was adjourned.


Catherine H. Gray, Secretary



MINUTES OF A SPECIAL BUSINESS MEETING

Retirement Value, LLC, a Texas limited liability company

A special business meeting of the Company was held at New Braunfels, Texas, on the 30th of June 2009 at 8:00 o'clock p.m.

Three of four members were present – Richard H. Gray, Catherine H. Gray, David A. Gray. The 4th member, Wendy Rogers, participated by speaker-phone. Richard H. Gray in his capacity as Manager 1 as well as President entertained the following motion for consideration and action:

On motion duly made, seconded and carried, IT WAS RESOLVED that Retirement Value, LLC name David A. Gray, Controller and CFO, as Manager 3 for the purpose of signing any and all contracts and forms relating to the purchase of, ownership changes for, beneficiary changes for, ongoing administration of and payment of premiums for re-sale life insurance policies acquired through James Settlement Services, LLC. He thus joins Richard H. Gray, Manager 1 and President and Wendy L. Rogers, Manager 2 and Director of Special Services, as able to execute these documents.

There being no further business to come before the meeting, it was adjourned.


Catherine H. Gray, Secretary

Exhibit D

Unofficial copy Travis Co. District Clerk Velva L. Price

From: Dick Gray <dgray@retirementvalue.com>
Sent: Saturday, October 3, 2009 5:03 AM
To: goliver@goprov.com
CC: David Gray <dgray@retirementvalue.com>; Wendy Rogers <wrogers@retirementvalue.com>; Katie Hensley <khensley@retirementvalue.com>; Liz Gray <lgray@retirementvalue.com>; trussos@retirementvalue.com; Jeremy Gray <jgray@retirementvalue.com>; Kendall Gray <kgray@retirementvalue.com>; Mike McDermott <sendmegoodnews@yahoo.com>; my100grand@gmail.com; Bruce Collins <nostockmarketrisk@yahoo.com>; B. Scott Barnard <sbarnard@downey.com>; "Nursing Edmond" <eddy@thesafervestment.com>; danica@thesafervestment.com; trischach@fellowshipfinancial.com; trpl@trftr.com; rcd@thorburn.com; sfs@thorburn.com; rmoser@the-global.net
Subject: FW: Article about life settlements
Attach: Life Settlements article (Bo Johnson) mlt (571 KB).msg

Gary:

"Comment" from what perspective? This article does an admirable job of addressing with both brevity and clarity very complex matters still in transition legally and within the regulatory community. One thing certainly is true – all of us can be pleased professionally when fraud and wrong-doing are uncovered and punished. A sales rep or Licensee who knowingly markets a fraudulent product or improperly markets a proper and totally-complex product ought to be found out and punished.

Regarding Retirement Value specifically and our "re-sale life insurance" program – we have taken great care to design the way we operate so that we not only are within the law(s) at both the state and federal level – the net outcome is that we occupy a special-definition niche that is not specifically addressed by any law(s) of which we are aware of either the state or federal level. Being "neither fish nor fowl" presents RV with special challenges – and companion obligations – as well as great marketing opportunities.

Example: In states where ANY "Life Settlement" or even a non-life-associated transaction has been defined as "a security" we permit NO open or general marketing. No posters, telemarketing, etc. Yet we do allow our Licensees in such states who have state insurance licenses or a suitable professional designation (CPA, CFP, an attorney, etc.) to assist existing clients with whom they have a clearly-demonstrable current and ongoing relationship.

A Licensee associated with RV actually "sells" nothing ever. Licensees with RV inform their clients that a business loan (which finances our activity as a private buyer of previously-sold life insurance policies – hence "re-sale policies") collateralized by a death benefit processed through a beneficial trust is a rather safe way to earn a lot of interest. It's really that simple – even in the complex and seemingly complicated world of "high finance".

Thanks!

Dick Gray
President/CEO
Retirement Value, LLC
457 Landa Street, Suite B, New Braunfels, TX 78130
P.O. Box 310635, New Braunfels, TX 78131-0635
(505) 824-8858 ext. (800) 498-4644 fax: (214) 212-3550 mobile
dgray@retirementvalue.com

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From: Dick Gray
Sent: Wednesday, September 30, 2009 11:21 AM
To: Dick Gray
Subject: Article about life settlements

Dick,

Would you comment on the above attached article as to how it does or does not apply to Retirement Value? Something I can forward to the CEO of an FMO that sent forwarded it to me. Thanks,

Gary

Unofficial copy Travis Co. District Clerk Velva L. Price

Exhibit E

Unofficial copy Travis Co. District Clerk Velva L. Price

From: Dick Gray <dgray@retirementvalue.com>
Sent: Thursday, September 24, 2009 5:33 AM
To: Dick Gray <dgray@retirementvalue.com>
Cc: David Gray <dgray@retirementvalue.com>; Wendy Rogers <wrogers@retirementvalue.com>; Katie Hensley <khensley@retirementvalue.com>; Liz Gray <lgray@retirementvalue.com>; Dennis Lewis <dlew10@retirementvalue.com>; Jeremy Gray <jgray@retirementvalue.com>; Kendall Gray <kgray@retirementvalue.com>; Marisa Kane <mkane@retirementvalue.com>; ttwoss@retirementvalue.com; Mike McDermott <sendinogoodnews@yahoo.com>; Bruce Collins <mostockmarketrisk@yahoo.com>; ds@therburn.com; sbarnard@donegan.com; golver@go.com; Gary Oliver <garyholiver@yahoo.com>; eddy@thesafecinvestmt.com; daniel@thesafecinvestmt.com; michael@fellowshipfinancial.com; ttp1@cliff.com; Ronald James <jrjervick@aol.com>; dan.james1@comcast.net; Michael Hsieh <mhsieh@msm.com>; Roy Mower <rmower@msm.com>; MAizen@mlkicfgruzon.com
Subject: Paperwork / program structure updates - and other important news

To all Master Licensees:

You may share the items below as you wish and with those you wish to reach. "Thank you" is not an adequate way to express our most sincere appreciation for each of you in what can only be described as turbulent, roller-coaster times. Hang on for the ride – arms in the air, screaming all the way to the finish.

- **Background:** There is common agreement among all we contact and all those upon whom we rely for clear guidance that the IRS Revenue Ruling on Life Settlements released July 1st now means this product is not going to be taxed as a capital gain (unless profits are generated by the re-sale of the policy PRIOR TO death). It seems pointless to argue, as we have tried, that our model is not reflected in ANY example shown in the IRS Revenue Ruling. Even what we ARE appears to be lumped into what they show. Gain or income or profit or whatever word or contrivance we try fails to move taxation away from being ordinary income. Last Friday a highly-regarded securities attorney agreed – and firmly advised us against making our own IRS Revenue Ruling on our own model. This means there is no need to play with words for our NON-qualified paperwork or seek some linguistic contrivance that would aid our clients in seeking such favored treatment for their participation in our product. Looks as though it's just gonna be taxed as ordinary income. Qualified money ALREADY is structured as a "loan" because of IRS prohibition against qualified money "owning" an insurance contract – and that's 65%-70% of our volume. So, what about the up to 35% of our volume that are NOT qualified? **Action:** we will revert to the "loan" language we always used under another company name. All participants will be making loans as lenders and earning interest income to be taxed as ordinary income.
- **Background:** We do not deal with Life Settlements. At Retirement Value we always buy policies that already have been purchased by another private investor or aggregator. So we created the phrase "re-sale life insurance policies" to describe our model. We do not re-sell the re-sale policies to our client-participants or to IRAs. We obtain funds from them to finance our business activity – which is to buy previously-purchased policies for our private investment purposes. We're the only owner. At this time client funds (loans) are protected by them becoming irrevocable co-beneficiaries of the policy. **Action:** as stated above, we will within days – finally! – scrub the paperwork to clarify all these points – and to convert all NON-qualified forms to reflect very clearly the "loan" model for 100% of our cases. It will be made perfectly clear (if it is not already so – we repeatedly state that client funds are used to "facilitate" by RV the acquisition, purchase and sole-ownership of certain re-sale life insurance policies) that we are the only owners and they are in effect, in a commercial transaction, making loans to us for that purpose. This language clarification ought to move our model even further down the NON-security continuum.

Further, we finally are on the edge of an additional clarification of the program through the use of a trust or trusts. We actually have recommended to our Escrow Agent that upon full subscription of each policy in the bouquet the ownership be transferred by RV to a trust of which the Escrow Agent will be trustee. That trust, in turn, will designate a beneficial trust as the only beneficiary – and each participant from the client side will have a proper, proportionate representation in that beneficial trust based on their participation in the policy. The carrier will pay the death benefit to the beneficial trust, etc. etc. etc. While the Escrow Agent can properly wear multiple hats as Escrow Agent and trustee for two trusts on each policy – and this is very easily done at almost no legal-expense overhead cost by paralegals modifying "boiler plate" docs for each policy and touching "print", RV will continue its professional management role for a fee – of sending regular advisories to the Escrow Agent about policy purchase disbursements and premium payments. It is not a negative reflection on anyone else in this action-chain to say that we simply trust no one as much as we trust ourselves to be the true functional "fiduciary" for ALL of these cases – to determine in-house and then advise about the proper payment of all purchase amounts and premiums.

If there is any downside to all of what I have reported to you it is "time" – there are so many important and key players in

this "game" that it seems as though the Viet Nam-era observation applies: "Getting anything done here is like making elephants. Everything is done at a very high level with much grunting and groaning – and it takes months to see the results."

Meanwhile, we are very pleased to confirm the formal engagement of the very-highly-esteemed Mr. Roy Mouser in Houston as an attorney-advisor for securities-type issues at RV at both the state and federal level.

Dick Gray

President/CEO

Retirement Value, LLC

457 Linda Street, Suite B, New Braunfels, TX 78130

P.O. Box 310635, New Braunfels, TX 78131-0635

(800) 824-6858 ext. (888) 498-4644 fax: (210) 362-3550 mobile

rggray@retirementvalue.com

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Unofficial copy Travis Co. District Clerk Velda L. Price

Exhibit F

Unofficial copy Travis Co. District Clerk Velva L. Price

From: Carie Morales <cmorales@retirementvalue.com>
Sent: Friday, January 22, 2010 4:55 AM
To: Wendy Rogers <wrogers@retirementvalue.com>
Subject: Re: Preparing FAQ booklet

Wow. These are great!!

~ Carie

On Jan 21, 2010, at 10:25 PM, "Wendy Rogers" <wrogers@retirementvalue.com> wrote:

Art, you're awesome. We will also definitely use the Life Settlement vs. Reverse life stuff you sent to me previously.

Wendy Rogers

Vice President, Administration & Services

(830) 624-8858 office

(210) 363-2910 cell

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From: Art Williams [mailto:art@myraguy.com]
Sent: Thursday, January 21, 2010 3:51 PM
To: 'Wendy Rogers'
Subject: RE: Preparing FAQ booklet

FAQ

Question: Why is RV not a life settlement company?

RVR020010

Answer: A life settlement is a transaction. It is the transaction which transfers ownership of a life insurance policy from the original elderly owner/insured person to the first non-related corporation for a sales price. RV purchases the already "settled" policy from the settlement company, James Settlement Services, which is not a settlement transaction.

Question: How can any investment be safe, return 16.5% simple return to the investor, and pay huge commissions of over 10%?

Answer: No investment CAN do those things. RV is not an investment and your client is not an investor. Your client buys nothing. Your client is a lender to RV so that RV can buy the policies. In an analogy, the bank lends you money to buy a car. The bank is not the buyer; you are. In like way, your client is the lender with their funds tied through the law firm/escrow agent TO the death benefit of EACH insurance policy. Life insurance has always paid large lump sum death benefits and large commissions. Add up all the premiums you have paid or will pay on YOUR life insurance for your family. When you die, what percentage of return will your family see over and above your premiums? If you are paying \$2,000/yr. for a \$1,000,000 30-yr-term insurance policy, in 30 years, you will have paid \$60,000 for that policy. If you die on the final day of those 30 years, the \$1,000,000 check that your family will receive is 16 TIMES the premium you've paid! Computed as 2000/yr being "invested" (it's not... it's a PAYMENT for the purchase of a death benefit), the compound rate of return is well over 15%/yr!!! Investments cannot do that. Life Insurance can and does.

Question: How can I know that this is not a "Bernie Maddoff" deal?

Answer: Our Escrow Agent, Kiesling, Porter, Kiesling, and Free, PC is a forty-plus-year-old fiduciary law firm regulated by the laws of the State of Texas. Their sole purpose in this facet of their business is to ensure that all documents are legally tying your client's lent funds to the irrevocable beneficiary status of the life insurance death benefits, to accumulate and monitor the money in Well's Fargo accounts, to pay the premiums when due, to receive the death benefit from the policies and ensure proper delivery of your client's share to them. If they fail in any regard, the laws of the State of Texas govern. RV NEVER handles your client's money, coming in or going out.

Question: How can I know that RV portfolios will not be labeled a "security" by regulators somewhere in the future?

Answer: There can be no assurances of what regulators may do in the future. However, these are the characteristics and facts surrounding RV. 1. No life insurance death benefit has ever been allowed to be called an "investment" by any state in the nation. 2. Buyers of life insurance cannot be called "investors" because the death benefit is a PURCHASE of a PROMISE of a FUTURE death benefit payment and it is not considered by any regulator as an investment. 3. Unlike other firms, your clients are not buying any portion or fractionalization of any life insurance policy. Your clients are lenders to RV and RV is the buyer/owner. 4. Securities have inherent principal risk. Since there has never been a legitimate death claim not paid by any legal reserve life insurance company in the history of the legal reserve life insurance system, and since your clients are tied to the death benefit

of clients insured by legal reserve life insurance companies, and since upon liquidation of a life insurance company's business due to financial stress the death beneficiaries stand in the front of the line for funds, please tell what is stronger in U.S. financial opportunities. FDIC? Maybe. But if so, why was there a need for a trillion dollar bail out? Couldn't FDIC have handled that? When has there ever been a bailout of the life insurance industry? The risk to your client is WHEN their return is coming, not if the return is coming.

From: Wendy Rogers [mailto:wrogers@retirementvalue.com]
Sent: Tuesday, January 19, 2010 11:09 AM
To: 'Carie Morales'
Cc: 'Kendall Gray'; 'Katie Henneman'
Subject: Preparing FAQ booklet

It's apparent that since we are getting the same general questions regarding our product and business opportunity, and since it's been requested repeatedly (-), that we will put together an FAQ booklet. We already have several pages of questions and answers, but would like to solicit your help as well. You don't necessarily have to submit the answers, but if you can send us the questions that you repeatedly get, that would be a tremendous help. FYI—we've received some tremendous insight/appropriate wording for distinguishing life settlements from re-sale life, and this will also be included in this booklet. Thank you in advance for your assistance!

Please send all responses to Carie Morales at cmorales@retirementvalue.com

Thanks!

Wendy Rogers

Vice President, Administration & Services

(830) 624-8858 office

(210) 363-2910 cell

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Unofficial copy Travis Co. District Clerk Yvonne L. Price

Exhibit G

Unofficial copy Travis Co. District Clerk Velva L. Price

From: Dick Gray <dgray@retirementvalue.com>
Sent: Saturday, November 21, 2009 6:35 AM
To: 'Jeremy Gray' <jgray@retirementvalue.com>; Terry Taylor <terry.taylor5669@sbcglobal.net>; bwfree@sbcglobal.net; Kristin Quinsey Porter <kdq@sbcglobal.net>
Cc: Marisa Kane <mkane@retirementvalue.com>; Wendy Rogers <wrogers@retirementvalue.com>; Kate Hensley <khensley@retirementvalue.com>; JISERVCS@aol.com; don.james1@comcast.net; jeff@ssacpa.com; scott@baker@sbcglobal.net
Subject: RE: Wire Transfer 11-20-2009

If my assumption is correct - that this is our 1st-ever "draw the line in the sand" e-mail for policy payment disbursements - then this is a wonderful step forward for RV and for our relationship with KPFF EC as Escrow Agent. We also must note the several positive visits with Ron James during the past few days and his acceptance of where we are right now; his awareness of our determination to "stop the bleeding" and properly fill the premium buckets, which required his understanding and agreement.

To re-cap, if what I believe has happened actually has happened...

Ron James asked for \$1,042,000 in the wire set for Friday the 20th. We at RV agreed we would send ONLY (1) funds actually in-house / in-hand and (2) only to the extent or percent we had funds that ought to be legitimately devoted ONLY to policy purchase dollars (as a specific percent of face, translated into a specific percent of each client dollar in-hand).

If that is what we have done, then we finally have stabilized the entire disbursement process and now can play planned catch-up. Naturally, all of this depends of Ron's flexibility and agreement to have more frequent smaller wires as we accumulate such funds - and to advance even more into the firm's money loan on his end (already over \$8 million!!) - which Ron has agreed to do.

Now what RV will do is: (1) get a final fixed number for the premium need (which we estimated Friday is about \$1.9 million); (2) re-capitalize from current profits to meet that short-fall; (3) move close to half the net short-fall to Kiesling immediately; (4) propose a fixed schedule for meeting the balance of the need well before the close of the fiscal year 04-30-2010.

Dick Gray
President/CEO
Retirement Value, LLC
417 Landis Street, Suite B, New Braunfels, TX 78133
P.O. Box 310636, New Braunfels, TX 78131-0636
(800) 624-6058 ext. (800) 496-4644 fax: (210) 624-1050 mobile
dgray@retirementvalue.com

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From: Jeremy Gray [mailto:jgray@retirementvalue.com]
Sent: Friday, November 20, 2009 1:45 PM
To: 'Terry Taylor'; bwfree@sbcglobal.net
Cc: 'Marisa Kane'; 'Dick Gray'; 'Wendy Rogers'
Subject: RE: Wire Transfer 11-20-2009

Terry,
Here are the details regarding today's wire transfer:

TOTAL AMOUNT: \$627,254

\$550,000 TO ALMA TURNER (Escrow #: 1097802A)

\$ 77,254 TO LAURA MURPHY (Escrow #: 1079486A)

Here is the list of the accounts and amounts from which I would like the funds to be taken:

LBL771 - 7528808624	\$ 125,531
AGLD62 - 7528808558	\$ 129,975
LNL782 - 1456460946	\$ 78,740
PLJ680 - 7528808608	\$ 60,863
JPD62 - 7528808590	\$ 88,237
LNL26A - 9200168756	\$ 70,796
LL889 - 7528808541	\$ 37,734
PLJ140 - 7528808632	\$ 35,378
Total	\$627,354

Please let me know if you need anything else from me. Thanks Terry!

Jeremy Gray

Director Of Product Development & Policy Administration

Retirement Value, LLC

457 Landu Street, Suite B, New Braunfels, TX 78130

P.O. Box 510655, New Braunfels, TX 78130-0655

(830) 832-8928 vto (866) 498-2644 fax (817) 399-3889 mobile

grayj@retirementvalue.com

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Exhibit H

Unofficial copy Travis Co. District Clerk Velva L. Price

From: Dick Gray <rgray@retirementvalue.com>
Sent: Sunday, May 31, 2009 5:55 AM
To: dgray@retirementvalue.com, 'Rogers, Wendy' <wrogers@retirementvalue.com>;
khensley@retirementvalue.com; dlewis@retirementvalue.com
Subject: FYI only - Dan and Curtis (with Manny)

Dick Gray
President / CEO
Retirement Value, LLC
457 Linda Street, Suite B, New Braunfels, TX 78130
P.O. Box 310635, New Braunfels, TX 78131-0635
(830) 624-8858 etc. (866) 498-4844 fax. (214) 360-3550 mobile
srgray@retirementvalue.com

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From: Dick Gray [mailto:rgray@retirementvalue.com]
Sent: Sunday, May 31, 2009 7:55 AM
To: 'Mike McDermott'
Subject: ACTION - Dan and Curtis (with Manny)

Mike:

The "Action" bit may make more sense after you read another e-mail...

Ok -- on Curtis, your response tells me more (that I did not really need to hear to know you better because I already know you well enough). I'll accept your "yes" that he gets 16% - period. Directly from "the house". You'll accept zero on Curtis.

For Dan and Mikie / Ferguson, although together WE have taken the "high road" YOU are their up-line -- so YOU should be the one to be certain they understand they get 16% and WE at "the house" pay Curtis 2% on their business so they get the whole 16%. I know you will word it so we both get credit... "Dick and I have both felt from the start that...and so I simply am confirming and reinforcing how your comp will be handled by RV, LLC, etc. etc. etc."

Thanks, Mike!

Dick

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From: Mike McDermott [mailto:sendmegoodnews@yahoo.com]
Sent: Saturday, May 30, 2009 4:36 PM
To: Dick Gray

RVR018218

Subject: RE: Thanks for the Thursday visit

Thank you. I deeply appreciate your generosity but I would never let you pay me on business that Curtis may bring to you on his own. You're doing enough for me already.

I still believe that Dan's business will be coming to us over the objections of Curtis. That's all. If you are to pay Curtis on Dan's business, please let Manny and Dan know that clearly so Curtis doesn't double-dip them. I don't trust him.

--- On Sat, 5/30/09, Dick Gray <rgray@retirementvalue.com> wrote:

From: Dick Gray <rgray@retirementvalue.com>
Subject: RE: Thanks for the Thursday visit
To: "Mike McDermott" <sendmegoodnews@yahoo.com>
Date: Saturday, May 30, 2009, 4:13 PM

Thanks, Mike, for the great and developing news on Doc's progress - and credit about the support of his key staffers in protecting him (with us now viewed as their very solid allies!)

As for Curtis, there's far too much at stake with Mikie / Ferguson and too much business to be had for us to play games with a point or two - really. If it costs me 2% of whatever MF does - paid to you - and also 2% of whatever else Curtis brings to the table - also paid to you - it can be very worthwhile to have demonstrated to Ed Mikie personally that we are (1) able to do so; (2) did so very nicely; (3) and "covered" all his go-to guys.

When it hits the fan (as you know it will) and we become a subsidiary of some sort or other (as you know we will) and we need a broker-dealer - I am going to want entry into the MF Dallas offices on an open-arms basis to have help from Ed Mikie's staff, including Jack and Manny. We'll have them very happy with us and viewing us as worthy of sitting at their table.

So I'll lose sleep over an added point or two if someone needs to do that - meanwhile, you just keep finding the Docs and Dars of the world wherever they may be hiding. So you can wrap up your 2nd full million in overrides and start working on your 3rd million. Thanks!

☺

From: Mike McDermott [mailto:sendmegoodnews@yahoo.com]
Sent: Saturday, May 30, 2009 3:21 PM
To: Dick Gray
Subject: Re: Thanks for the Thursday visit

Dan had said during our last meeting that MF would pay Curtis out of their 16%. I hate for you to pay Curtis an extra 2% out of your pocket when MF expects to pay him what they think he's worth, and when he certainly has had nothing to do with helping us to get Dan's business, as far as I can tell.

I just spoke to Paul Soward - he called after reading my email. He is very grateful for our concerns for Doc. We are scheduled to call him Monday morning at 10:30, and he assured me that Doc would not talk to John before we had time to put into place any protective measures that we felt were necessary, so it's all good news here.

Thanks for your help. Mike

RVR018219

Exhibit I

Unofficial copy Travis Co. District Clerk Velva L. Price

FACSIMILE COVER PAGE

CONFIDENTIAL

ROY W. MOUER
P.O. Box 571145
Houston, Texas 77257-1145
Telephone: (832)251-2671
Facsimile: (832)251-2658
E-mail: rmouer@sbcglobal.net

TO: DICK GRAY **FAX NO: 866-498-4644**
FROM: ROY MOUER
DATE: NOVEMBER 2, 2009
NO. PAGES 3 (INCLUDING THIS PAGE)

MESSAGE

PLEASE SEE ATTACHED LETTER. (Original being sent by U.S. Mail)

THE INFORMATION CONTAINED IN THIS FACSIMILE MESSAGE IS PRIVILEGED AND CONFIDENTIAL ATTORNEY INFORMATION INTENDED ONLY FOR THE USE OF THE ADDRESSEE. PERSONS RESPONSIBLE FOR DELIVERING THIS COMMUNICATION TO THE INTENDED RECIPIENT ARE HEREBY NOTIFIED NOT TO READ THE ATTACHED, AND THAT ANY DISSEMINATION, DISTRIBUTION OR COPYING OF THIS COMMUNICATION IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE NOTIFY ME IMMEDIATELY BY TELEPHONE, AND PLEASE RETURN THE ORIGINAL MESSAGE TO ME AT MY ADDRESS SHOWN ABOVE VIA THE U.S. POSTAL SERVICE.

Unofficial copy from Price Co. District Clerk Velva L. Price

ROY W. MAUER

Attorney at Law

Telephone: (832) 251-2671

Facsimile: (832) 251-2658

rmauer@sbcglobal.net

P.O. Box 37025
Houston, TX 77237

November 2, 2009

Retirement Value, LLC
P.O. Box 310635
New Braunfels, TX 78130**CONFIDENTIAL AND PRIVILEGED**
ATTORNEY - CLIENT PRIVILEGE

Attn: Mr. Richard Gezy, President

Dear Dick:

I find that I must withdraw from my engagement with Retirement Value LLC (hereinafter referred to as "RV"). I have not been provided with enough information about RV and its operations to continue trying to consult and advise you regarding whether it is complying with federal and state securities law. However, based on the limited information I've been able to piece together from the e-mails I've received, I'm very concerned that RV may be offering and selling unregistered securities (i.e., notes or investment contracts) in violation of federal and state securities law.

Prior to our meeting on September 11, I asked for a copy of the documents that were being used in RV's program, and was promptly furnished certain documents by Wendy Rogers indicating that RV was offering to members of the public, through its licensees, interests in existing life insurance policies acquired by RV in the re-sale market. At our meeting, I advised you, Ms. Rogers and Katie Hensley that the definition of "securities," in Section 4.A of the Texas Securities Act, excludes insurance policies and contracts in relation to insurance policies, so it appeared that RV's business, as I understood it based on the documents I had reviewed up to that time, did not involve the sale of "securities."

However, you told me in that initial meeting you had learned that prospective investors would not be permitted (under ERISA, I presumed) to place insurance contracts in their IRA holdings, and therefore RV's plan of business would have to be modified. At that time you were thinking that RV (or possibly a trust or some other entity, in coordination with RV) would issue a promissory note to each investor, secured directly or indirectly by an interest in a re-sale life insurance policy. You believed that such promissory notes would be eligible to be held by investors in their respective IRAs.

As I explained, a "note" is defined as a "security" under the Texas Securities Act, but there is a line of cases holding that not all notes are considered to be securities. Whether a particular note would be considered to be a security depends upon the facts and circumstances

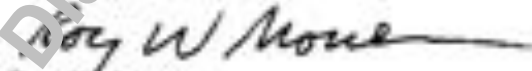
under which the note was created. Generally speaking, a note given in a commercial transaction (such as the purchase of a car or TV set) probably will not be treated by the courts as a security, but a note given in most other types of transactions probably will be considered to be a security.

I have asked that you keep me advised of the details of RV's program. Up to this time, I have not been given such details, and have not been furnished any further documents. I recently was copied on an e-mail, however, in which you indicated you no longer would refer to the "loans" in RV's program as "commercial loans." Obviously, RV is engaged in some type of arrangement in which an investor exchanges money for an interest, direct or indirect, in a life insurance contract wrapped somehow with a loan and/or trust agreement, but without any claim that the loan is commercial in nature. The impression I'm left with is that RV's plan of operation currently may be somewhat unsettled.

As you know, violations of the securities laws are quite serious matters. If RV's plan of operation is uncertain at this moment, or if you cannot be certain that the plan is in compliance with securities laws, I would respectfully urge you to cease accepting any more funds from investors until the uncertainties can be resolved.

Please don't hesitate to contact me if you have any questions.

Sincerely,


Roy W. Mauer

Notice of Value 1103209

Unofficial copy Travis Co. District Clerk Verbal Price

Exhibit J

Unofficial copy Travis Co. District Clerk Velva L. Price

From: Dick Gray <gray@retirementvalue.com>
Sent: Tuesday, October 27, 2009 7:37 AM
To: Michael Beste <mbeste@msn.com>; Ron James <rjames@aol.com>; Don James <don.james1@comcast.net>
Cc: Wendy Rogers <wrogers@retirementvalue.com>
Subject: RE: Schedule clarification for today (Tuesday)

The original e-mail was an effort to bring you into our inner transition here with the departure of my brother. Sorry – though there was enough already out on the table to give this e-mail context. Appears not.

1. Frank Frye in Austin is an accountant who will take over Quick Books, payroll, benefits administration, etc. from my brother, David. He shows up in 30 minutes for the 1st face-to-face with our staff.
2. Scott Baker is a Dallas attorney with securities background we will use rather than Milton Hammond, Milton having been referred to us by Mike Beste. About 1:30 p.m. he meets with key staffers along with Brent Free from Kiesling to go over the model with a fine-toothed comb. Baker is of the opinion we HAVE to get a security but that we are young enough as a company, willing to fix it – and he claims to know the fix. More to follow.
3. Bruce Collins in Dallas is a 14% licensee under Mike McDermott – who knows he has shown himself to possess the best LS industry knowledge in our entire organization – coupled with 10 years at Life Partner as a Master Licensee; and also coupled with an incisive thought-process and ability to express himself in writing or verbally with equal shares of precision and brevity (a real gift). I lack brevity as you all know! We all have decided internally that for now, Bruce is the one who will get a phone call if I do not wake up one morning. And we are working toward giving some formal structure to that decision – without it happening prematurely or in any way counter productive to our current growth pattern.
4. Also, about 5 p.m. today I ought to know if we were successful in buying a well-placed, very functional 7,536 SF office building around the corner from our current location that is a repo. If they accept my offer, we'll be well below market value on it – and can move our two offices into it (with about half the building still to expand to later on) very quickly.

Dick

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From: Michael Beste [mailto:mbeste@msn.com]
Sent: Tuesday, October 27, 2009 9:12 AM
To: Dick Gray; Ron James; Don James
Subject: RE: Schedule clarification for today (Tuesday)

????

Michael T. Beste
Vertical Capital Holdings LLC
(817) 329-4142 Direct
(214) 725-1100 Cell

From: rgray@retirementvalue.com
To: JJSERVCS@aol.com; don.james1@comcast.net; mbeste@msn.com
Subject: FW: Schedule clarification for today (Tuesday)
Date: Tue, 27 Oct 2009 05:34:48 -0500

Fyi...

Dick

From: Dick Gray [mailto:rgray@retirementvalue.com]
Sent: Tuesday, October 27, 2009 5:31 AM
To: 'Wendy Rogers'; 'Katie Hershey'; 'rgray@retirementvalue.com'
Cc: 'rgray@retirementvalue.com'
Subject: FW: Schedule clarification for today (Tuesday)
Importance: High

Good morning!

Bruce Collins said he'd be in NB today (Tuesday) about 11 a.m. in case he and I ought to have lunch to discuss his proposal. Katie and Jeremy are asking "What proposal?" More on that in a sentence or two. I think the meeting with Frank Frye (the Austin accountant) that starts @ 10 a.m. still might be going on when Bruce gets here and Bruce can join that meeting.

But there is a window for lunch after the Frye meeting – and before the start of the Scott Baker (the Dallas securities lawyer Wendy and I lunched with last Friday) RV model review meeting about 1 p.m. or as late as 1:30 p.m.

Wendy and I (well, more myself than Wendy) put in motion with Bruce the idea of a formal consulting role and even his possible integration into the mgmt structure at RV and he has sent a written proposal. It is ambitious – yet fair. It also is premature. I am not yet ready to go out to pasture and retain only the title of CEO and give up to someone like Bruce the titles of president and chief operating officer, which is what he has proposed. Such a dramatic move, done too early and clumsily, would shake up the field too much and give Life Partners fits of joy ("He is so worried about his regulatory troubles he has voluntarily stepped aside – or was it ever voluntary? He is so guilty of so much he was forced out – yes, forced out, I tell you...") ☺

Anyway, as deeply touched as I was by Wendy's lovely response to Bruce's somewhat ambitious and likely premature proposal (a brief need for Kleenex) these ARE issues we need to face and plan for. As much as I may feel fine and 10-foot tall and bulletproof, it just is not so!

At the least I'd like **Wendy** to join Bruce and me for lunch today at the Fork and Spoon. **Katie and Jeremy** are also welcome if their schedules permit.

Just so you'll know, my own plan and the one is to offer Bruce a solid side-bar consulting arrangement ratified in writing at about \$500,000 annually to be paid quarterly AND an extra 1% override on his licensee hierarchy, as he has proposed. That should comfortably and handsomely finance his time spent in assisting us. And it is appropriate to raise his visibility within RV by announcing such a "consulting relationship" at the meeting in NB on the 11th. Those sophisticated enough to "get it" will clearly understand the implications of such an announcement. Then there always is time to move him further up and into the organization as he continues to "pass" our "tests". I am far from ready to go riding on into the sunset. But do not lose sight of the fact that as new as we are and as much as there seems yet to do here at RV, that "sun" already IS starting to "set". I am a "Pioneer" not a "Settler".

I have discussed this plan in general terms with Tracy – but without ANY specific \$\$\$ attached.

Dick

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RVR020728

Exhibit K

Unofficial copy Travis Co. District Clerk Velva L. Price

From: Dick Gray <rgray@retirementvalue.com>
Sent: Friday, October 30, 2009 5:27 AM
To: 'Wendy Rogers' <wrogers@retirementvalue.com>; bcollins@retirementvalue.com; khensley@retirementvalue.com; tmoss@retirementvalue.com; kgray@retirementvalue.com
Cc: egray@retirementvalue.com; 'Brent Free' <bwfree@sbcglobal.net>; 'Mike McDermott' <sendmegoodnews@yahoo.com>; 'Sansing Edmond' <eddy@thesafeinvestment.com>; damien@thesafeinvestment.com; 'Kristen Quinney Porter' <kdq@sbcglobal.net>
Subject: FW: With collaboration between Wendy & Kendall and some licensees' feedback...
Attach: SecureZIP Attachments.ZIP

Good morning, all

I'm sorry that now it is my turn to be thoroughly confused. On the revised list we show many states in the left-hand column - which supposedly means they are "approved" and "general solicitation IS allowed" as it states clearly. Yet several of these states also have an asterisk to the right of the state name - which means "General solicitation of the Retirement Value model is NOT allowed." Huh? ☹ [Note that in the very last paragraph of this e-mail I show why all of this may soon be a moot point based on the work of attorney Scott Baker, now under way].

As cumbersome as it may be, is it entirely possible we need some more categories and a two-sided sheet until Scott is done with his work?

"RV accepts client paperwork from these states without any restrictions (you can do whatever the hell you want here) since there is no applicable state law at this time"

No license required, no restrictions, no limiting fine print, etc.

"RV accepts client paperwork from these states - but there are laws in place that define the requirements and restrict your activity, so pay attention and watch out"

In these states this product is not yet a "security" but it is regulated closely as an insurance product and there are restrictions in place for you that you must observe.

In these states you must have at least an insurance license issued by that state (either resident or non-resident) to write RV cases.

If currently appointed as a licensee with RV, LLC you have until February 28th, 2010 to obtain such a license or you will be suspended until you do.

Effectively October 30, 2009, RV, LLC no longer will accept any NEW licensee app that is not accompanied by the proper insurance license in these states.

"RV accepts client paperwork for these states - with great restrictions, so watch out! Pay attention! We're not playing any games in these places"

Each of these states classifies our product a "security".

None of these states is a patient with our claim that we are NOT a "security" - that we are special - that we are different - that we claim an exemption.

These states could care less what WE think - and if we stub our toe in these states we'll all have a helluva fight on our hands - and don't you dare think otherwise.

So, regardless of what the state says, RV is going to insist that your licensees have at least an insurance license in these states (resident or non-resident).

And if they don't have one right now they have until February 28th, 2010 to get one.

No more licensee apps will be accepted from these state unless the application is accompanied by a current insurance license.

Under NO circumstances can ANY "general solicitation" be done in these states - in any form at any time by any means.

Only existing clients or clearly-demonstrable referrals can be contacted - and only existing clients or clearly-demonstrable referrals can be written in these states.

And IF a licensee conducts business in these states very quietly on that basis, they need to understand the WE at RV have NO authority to tell them it is okay to skirt the

laws of that state - we only are coaching them on how we think they can get business there quietly on a stealth

basis – with the chance to lay claim to the idea that we are "different" and we are "neither fish nor fowl" (I mean, let's not fool our own selves into thinking we're doing anything other than THAT in these states – so should this e-mail be in my hard-drive? My answer is – let's stop engaging in sophistry with each other – we know what the state says and we know what we claim our model to be. There is a mismatch here - always subject to interpretation and a court fight. Do your licensees want to do business on that basis or not? If "not" that's fine – but don't beat up on RV for what the laws are in these states!)

"Under no circumstances will RV accept paperwork from the following states – and licensees caught trying to write business in these states will be summarily excoiced".

Somewhat self-explanatory, I should think, even for OUR licensees. ☺

Know of course that we just spent big bucks for Scott Baker hopefully to better define ALL of this by making RV, LLC an "insurance agency" so that the sale of every contract we offer (yes, "contract") is a properly-disclosed and documented "insurance" activity (NOT a Life Settlement activity at all!!!!) so every one of our "licensees" will be an "agent" appointed with our "agency" and all they ever will be doing is SELLING "pieces" of an insurance policy to their clients. The clients will be the owners AND the beneficiaries. We at RV merely will be the policy administrators and Kesting will only be the distributors of the beneficial interest at death (as well as the masters of the money during the life of the insured). And every RV licensee in any state will have to have an insurance license to write business in that state. Get ready!

Dick

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From: Wendy Rogers [mailto:wr Rogers@retirementvalue.com]
Sent: Thursday, October 29, 2009 10:23 PM
To: 'Kendall Gray'; khensley@retirementvalue.com; tmross@retirementvalue.com
Cc: 'Dick Gray'; bcollins@retirementvalue.com
Subject: With collaboration between Wendy & Kendall and some licensee feedback...

We have revised the state list again to make it easier to understand. This one is written with the frame of reference of where the business is coming from – not necessarily where the licensee is located. Please review/edit/critique.

Attached is the state list and the revised addendum that would be attached to the licensee paperwork.

Thanks!

Wendy Rogers
Vice President, Administration & Services
(833) 624-8858
(210) 383-2910

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