

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

STATE OF TEXAS,	§	IN THE DISTRICT COURT OF
	§	
Plaintiff,	§	
	§	
v.	§	
	§	
RETIREMENT VALUE, LLC,	§	
RICHARD H. "DICK" GRAY, HILL	§	
COUNTRY FUNDING, LLC,	§	
HILL COUNTRY FUNDING, and	§	
WENDY ROGERS,	§	TRAVIS COUNTY, TEXAS
	§	
Defendants,	§	
	§	
AND	§	
	§	
JAMES SETTLEMENT SERVICES,	§	
LLC	§	
et al.,	§	
	§	
Third Party Defendants.	§	
	§	126 th JUDICIAL DISTRICT

**FOURTEENTH APPLICATION FOR FEES
BY THE RECEIVER AND RECEIVER'S COUNSEL**

Eduardo S. Espinosa, court-appointed temporary receiver for Retirement Value, LLC, files his Fourteenth application for fees incurred by the Receiver and his counsel, Cox, Smith, Matthews Incorporated, and K&L Gates, LLP covering the month of October 2012.

BACKGROUND

To assist the Receiver in the performance of these duties, the Agreed TI authorizes the Receiver to "to hire employees, contractors, consultants, accountants, attorneys, legal assistants, or other assistants under terms to be determined by the Receiver, whose services in the sole discretion of the Receiver, are necessary for an efficient and accurate administration of the receivership estate." Agreed TI at 14, ¶8. To that end, the Receiver has retained the law firm of K&L Gates, to represent him in connection with this case, to assist him in the performance of his

duties and to prosecute or defend litigation on behalf of Retirement Value. As of July 16, 2012, the Receiver transitioned the majority of this representation to Cox Smith although, certain aspects of the representation remained with K&L Gates.¹

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

APPLICATION FOR PROFESSIONAL FEES

By this Application, the Receiver seeks approval from the Court to pay from the assets of the Receivership the fees incurred by the Receiver and his counsel, Cox Smith and K&L Gates for services rendered during the month of October 2012. The Receiver has incurred fees of \$34,784.00 during the period covered by this Application. He has retained the legal services of Cox, Smith and K&L Gates which have incurred fees for the months covered by this Application

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

of \$55,950.02 and \$4,600.25, respectively. Affidavit of Eduardo S. Espinosa (“Espinosa Affid.”) at ¶11-13 (attached as Exhibit 1). While substantial, these fees were both reasonable and necessary.

The fees charged by the Receiver and his counsel represent a 24% discount from the usual and customary fees charged by Cox Smith and K&L Gates. As a general matter, the charge for the services provided by Cox Smith and K&L Gates are determined by multiplying the total number of hours worked by each timekeeper by that timekeeper’s billing rate. *Id.* at ¶6. In this case, the billing rate of each timekeeper was discounted from the usual and customary rates charged by Cox Smith and K&L Gates, respectively. The Receiver is charging \$320/hour, which represents a 27% discount from his usual and customary Cox Smith rate of \$440/hour. In addition, each of Cox Smith and K&L Gates have discounted their rates by 9.5% and further discounted their bills by approximately \$10,599.99. In the aggregate the discounts and write-offs associated with this Application amount to \$30,000.10. Espinosa Affid at ¶7. The chart below summarizes the fees charged and the discounts applied.

Invoice Summary	
Services Rendered in:	October
Fees Requested	
CSM	\$90,734.02
KLG Main	\$228.06
KLG E-data	<u>\$4,372.19</u>
Total	\$95,334.27
Receiver Incurred	\$47,828.00
Receiver Billed	\$34,784.00
Receiver adj	(\$13,044.00)
All other Tkpr Incurred	\$77,506.37
All other Tkpr Billed	\$60,550.27
(9.5%) adj.	(\$10,599.09)
Write-offs	<u>(\$6,356.11)</u>
Total Adj	(\$30,000.10)

I. What Have We Accomplished During This Period

During the period covered by this Application, the Receiver and his counsel devoted substantial attention to fulfilling the Plan of Distribution (including the initial distribution of \$5.5 million), addressing various motions and discovery matters, and pursuing the estate's claims against various parties. The significant tasks during this time period include, without limitation:

- Maintaining investor communications, including responding to inquiries from investors, defendants and their respective counsel regarding this matter, the Plan of Distribution, value of the claims and alternative recovery efforts;
- Maintaining and periodically updating the estate's website with new information and current events;
- Attending to the preservation of the estates' assets, including coordination of various accounting matters, funds management, and payment of premiums;
- Resolving the majority of disputes regarding investor claims;
- Distributing \$5.5 million to the investors;
- Respond to numerous inquiries regarding the distribution and proof of claim processes;
- Responding to inquiries from self-regulatory agencies and federal, state, county and municipal taxing and law enforcement authorities;
- Responding to various motions, interrogatories and ancillary requests by defendants, intervenors and third parties;
- Continued to prosecute litigation against defendants and third party defendants including attending to settlements with Michael McDermott and Wendy Rogers;
- Coordinating and supervising the prosecution of third party claims with the estate's contingency fee counsel; and
- Defending the estate against claims asserted against it by Tracy Moss, Mike Beste, Ron James and various licensees;
- Executing the consolidation of the Retirement Value and Hill Country Funding estates;
- Working with the State towards resolution of its claims against Retirement Value and entry of an order directing restitution.

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

A key variable to the estate's success and ultimately restitution to the investors is the performance of Retirement Value's portfolio of insurance policies. Maximization of the portfolio's value depends upon the policies' expected cash flows (premiums paid and benefits received) and the portfolio's structure. The Receiver developed a plan of distribution and a plan for maximizing the value of the portfolio. The Court has consolidated the Retirement Value and Hill Country Funding estates and ordered the Receiver to collapse the portfolio so that all claimants share in all of the assets of the estate and to hold the insurance policies until all of the policies have matured.²

A. Plan of Distribution

In May 2011, the Receiver prepared a report describing the actuaries' findings and discussing his recommended plan. He also (i) prepared a formal plan of distribution and posted it for comment and (ii) filed a motion with the Court to approve the Initial Plan. This plan provided for: (i) approximately 10% of the investor-victims' investment to be distributed immediately upon completion of a proof of claim process; (ii) distributions of free cash flow in excess of reserve requirement throughout the life of the portfolio; and (iii) an expected return of

² The Retirement Value and Hill Country funding claimants are to participate in the distributable assets of the consolidate estate 94.7% and 5.3%, respectively

100% of the investor-victims money, plus or minus 20% over the life of the portfolio. The involuntary bankruptcy filing on August 12, 2011, preempted the Court's consideration of the plan, which was scheduled to be heard on August 15, 2011. Pursuant to the Court's order, the Receiver proposed an alternative plan of distribution on January 3, 2012. Alternative plans were subsequently submitted by other parties. The Court adopted the Receiver's initial plan on July 20, 2012.

Follow approval of the plan of distribution, the Receiver and his counsel (i) published a schedule of claims and mailed it to all known creditors of Retirement Value and Hill Country Funding; and (ii) published advertisements notifying the public of the adoption of the plan and the date by which proofs of claims must be filed in major newspapers in Texas. The Receiver subsequently requested to make an initial distribution to the investors. The Court authorized an initial distribution of \$5,500,000 on September 26, 2012. The Receiver sent out checks on October 15, 2012.

B. Collection Efforts

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

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

The Receiver retained, on a contingency fee basis, GBKH to prosecute claims against the licensees.³ GBKH has sued numerous licensees and others owing money to the estate. As of the date of this application the Court has approved over \$1,188,116 in negotiated settlements with third party licensees who participated in the sale of the RSLIP as well as a \$200,000 settlement with Wendy Rogers. Attorneys at Cox Smith will continue to assist GBKH and to supervise their work in this matter.

C. Adequacy of reserves

The Receiver engaged Lewis & Ellis to model the consolidated RV/HCF portfolio and advise the estate as to appropriate premium reserve levels and the portfolio's expected net cash at maturity. Lewis & Ellis determined premium reserves of \$17,414,248 should suffice for 97.5% of the potential outcomes. After accounting for the Initial Distribution and the premiums paid

³ The Receiver will pay reimbursable expenses up to \$50,000 out of pocket and any additional expenses will be paid out of any recovery from the licensees.

since August 31, 2012; the estate maintains ample cash reserves from which to pay this Application.

II. What Work Remains to Be Done

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

The litigation of claims by the estate has been largely outsourced to contingency fee counsel. Cox Smith will continue to have a role in these matters. The Receiver is the plaintiff in these claims and the firm will assist him in supervising the contingency fee lawyers. In addition, Cox Smith lawyers continue to assist the contingency fee lawyers in developing the case.

The resolution of claims against the estate was largely resolved by the adoption of the plan of distribution, though determination of the claims held by various persons against the estate are still pending. Receiver received 44 proofs of claim (38 from investors and 6 from other claimants) disputing scheduled claim amounts or characterization. Of those, fewer than nine disputes with investors remain unresolved. Resolution of these issues will require further litigation before the court.

The Court's adoption of the Initial Plan substantially reduces, if not eliminates, the need for further expense or delay associated with evaluating alternative asset management strategies. The Receiver has started the proof of claim process, established the claimants' proportionate interests in the estate's assets and made the initial distribution. The Receiver has now turned his attention to addressing investor inquiries and addressing ministerial issues to ensure that the estate is ready to execute the next distribution.

ARGUMENT

The Receiver's administrative costs, including his fee and that of his counsel, are to be paid out of the funds and other assets of the estate. These costs are considered costs of court and have priority over all other claims against the estate. *Jordan v. Burbach*, 330 S.W.2d 249 (Tex. Civ. App. – El Paso 1959, writ ref'd n.r.e.); *also* TEX. CIV. PRAC. & REM. CODE §64.051. The Court should consider the reasonableness of the fees requested by both the Receiver and counsel.⁴

In evaluating the reasonableness of the fees, the Court should consider the following factors: (1) the time and labor involved, the novelty and difficulty of the questions involved, and the skill required to perform the legal services properly; (2) the likelihood that the acceptance of the particular employment will preclude other employment by the lawyer; (3) the fee customarily charged in the locality for similar legal services; (4) the amount involved and the results obtained; (5) the time limitations imposed by the client or the circumstances; (6) the nature and length of the professional relationship with the client; (7) the experience, reputation, and ability of the lawyer or lawyers performing the services; and (8) whether the fee is fixed or contingent on results obtained or uncertainty of collection before the legal services have been rendered. *Arthur Andersen & Co. v. Perry Equip. Corp.*, 945 S.W.2d 812, 818 (Tex. 1997).⁵ These factors support the award of the requested fees.

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

⁵ Certain older cases have described the factors used to consider the reasonableness of a receiver's fee using slightly different terminology. *See Taylor v. Taylor*, 91 S.W.2d 394, 397-98 (Tex. Civ. App. – Amarillo 1936, no writ). However, the factors used by these cases incorporate all of the same considerations set out in the *Arthur Anderson* factors. In order to simplify this application, the Receiver has used the *Arthur Anderson* framework to discuss the reasonableness of his fees and those of his counsel.

Time, labor, skill & complexity. By its nature, a receivership proceeding is unique and complicated. As discussed above, this receivership is particularly complicated due to its size, the assets involved, the poor record keeping of Retirement Value and the sheer number of people involved (1084 investors, 1,000 licensees, 18 insurance companies and several banks). To properly administer the estate requires a high degree of skill and diligence. Moreover, the Receiver and his counsel have had to devote significant time to this matter. The exact time expended and work performed by the Receiver and his counsel are shown on the invoices attached to the Espinosa Affidavit. In addition, the Receiver's Initial Reports of June 2010; the subsequent reports of April 2011 and December 2011; and the fee applications previously filed with the Court summarizes the work of the Receiver and his counsel.

Preclusion of other employment. Neither Cox Smith nor K&L Gates has had to decline any representation solely because of its services in this case. However, because of the magnitude of the effort required, the Receiver and certain individual Cox Smith and K&L Gates professionals working on this matter have been largely precluded from working on other matters.

Customary fees. An attorney's usual and customary fees are presumed to be reasonable. TEX. CIV. PRAC. & REM. CODE § 38.003. The fees charged by Cox Smith and K&L in this case are the usual and customary fees that they charge to and collect from their clients for the services of the attorneys and other professionals working on this matter, except that: (i) the Receiver is charging 27% less than his usual and customary rate; and (ii) each of Cox Smith and K&L Gates is charging 9.5% less than its usual and customary rates on all other timekeepers. Espinosa Affid. at ¶6. Further, the court may take judicial notice of customary fees and of the contents of the case file without further evidence. TEX. CIV. PRAC. & REM. CODE § 38.004.

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

1. *Amount involved and results obtained.* The amount involved in this matter, measured either by the \$77 million invested by the investors or the over \$35 million of estate assets administered by the Receiver, is very large. During the Receiver's 30 months on the job, the Receiver has actively managed the affairs of the Alleged Debtor and discharged his State-Court imposed duties. All told, the Receiver has brought nearly \$17 million into the estate over the course of the Receivership Action.⁶ He has filed a plan of distributions with an expected return to the investors of 100% of their investment, and made an initial distribution of approximately \$5.5 million.

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

⁶ These recoveries include (i) \$1.25 million secreted by the principals of the Alleged Debtor into Special Acquisitions, Inc.; (ii) \$560,000 and 8 policies of insurance worth about \$1.1 million recovered from James Settlement Services; (iii) \$127,000 in cash and \$195,000 in debt-reduction from a settlement with Bruce Collins; (iv) \$710,000 in a settlement with Kiesling Porter; (v) \$600,000 in assets from a settlement with Dick and Catherine Gray; (vi) \$200,000 in assets from a settlement with Wendy Rogers; (vii) \$10,117,534 collected from Pacific Life on the PLI140 policy, which was initially disputed by Pacific Life; (viii) \$735,000 from the sale of Retirement Value's headquarters; (ix) \$34,564 in recovered state franchise taxes; (x) \$1,188,000 in approved settlements with licenses.

The nature and length of the professional relationship. This factor cuts no particular way. However, neither the Receiver nor his counsel has any particular relationship with any of the parties involved in this matter. Nor is there any possibility of a future relationship with the estate. By their nature, receiverships are a one-time event. As a result, no discount would normally be appropriate. Nevertheless, this application reflects a discount of 24% off of the fees Cox Smith and K&L Gates would normally charge for the work performed during this time period.

Experience, reputation, and ability of the professionals. Cox Smith is one of Texas' premier law firms. Founded in San Antonio over 80 years ago, it employs 130 attorneys with diverse experience in 21 primary practice areas and 21 industry segments. Cox Smith's experience spans all of the key Texas markets, with growing offices in Austin, Dallas, El Paso and McAllen. K&L Gates is one of the world's premier law firms. It comprises nearly 2,000 lawyers who practice in 41 offices located on four continents. Each of Cox Smith and K&L Gates represents leading global corporations, growth and middle-market companies, capital markets participants and entrepreneurs in every major industry group as well as public sector entities, educational institutions, philanthropic organizations and individuals.

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

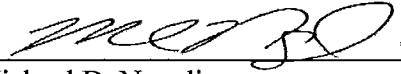
The fees requested in this application are 15% less than the average monthly fees in all preceding fee applications. The Receiver anticipates that his fees and the fees of his counsel will fluctuate over the coming months but continue to trend downward. The amount of fees incurred

will depend primarily on the administrative efforts necessary to effectuate the plan of distribution. It will also depend upon other circumstances beyond the control of the Receiver such as the filing of claims against Retirement Value by investors or non-investor claimants as well as the cooperation of the Defendants. The more the Defendants and others cooperate with the Receiver, the lower the fees incurred by the Receiver and his counsel will be. The converse is also true.

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

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

Respectfully submitted,

By: 
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above pleading has been served on the following counsel on this the 30th day of November 2012 as indicated below:

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<p><i>Via electronic service</i> Noreen Cabrera BAUGH DALTON CARLSTON & RYAN, LLC 717 North Harwood Street, Suite 2400 Dallas, Texas 75201 (214) 382-2562 (214) 382-2561 fax ncabrera@baughdaltonlaw.com COUNSEL FOR THIRD PARTY DEFENDANT TONY ADKISON</p>	<p><i>Via electronic service</i> Jason W. Snell Kimberly D. Culver Cori R. Conner THE SNELL LAW FIRM, PLLC 818 W. 10th Street Austin, Texas 78701 (512) 477-5291 (512) 477-5294 fax jsnell@snellfirm.com COUNSEL FOR THIRD PARTY DEFENDANT SUSAN R. BLACK</p>

<p><i>Via electronic service</i> Barry A. Chasnoff Clayton Matheson AKIN GUMP STRAUSS HAUER & FELD LLP 300 Convent Street, Suite 1500 San Antonio, Texas 78205 (210) 281-7000 (210) 224-2035 fax bchasnoff@akingump.com cmatheson@akingump.com ATTORNEYS FOR SOCIETY AND CORPORATION OF LLOYD'S</p>	<p><i>Via electronic service</i> Scott F. DeShazo Thomas A. Nesbitt Rachel L. Noffke DESHAZO & NESBITT, L.L.P. 809 West Avenue Austin, Texas 78701 (512) 617-5560 (512) 617-5563 fax sdeshazo@deshazonesbitt.com tnesbitt@deshazonesbitt.com rnoffke@deshazonesbitt.com ATTORNEYS FOR GIST INTERVENORS</p>
<p><i>Via electronic service</i> Daniel R. Richards Tonia L. Lucio Clark Richards RICHARDS RODRIGUEZ & SKEITH, LLP 816 Congress Avenue, Suite 1200 Austin, Texas 78701 (512) 476-0005 (512) 476-1513 fax drichards@rrsfirm.com tlucio@rrsfirm.com crichards@rrsfirm.com ATTORNEYS FOR BAKER INTERVENORS</p>	<p><i>Via E-Mail (Electronic Service)</i> Jeff Mejia 2609 Gabrianna Court Columbia, Missouri 65203 (913) 208-4884 jeffjmejia@yahoo.com PRO SE THIRD PARTY DEFENDANT</p>
<p><i>Via E-Mail (Electronic Service)</i> Merritt N. Spencer STRASBURGER & PRICE, LLP 720 Brazos Street, Suite 700 Austin, Texas 78701-2974 (512) 499-3600 (512) 499-3660 fax merritt.spencer@strasburger.com ATTORNEYS FOR THIRD PARTY DEFENDANT SEARLE</p>	
<p><i>Via U.S. Mail CMRRR</i> David and Elizabeth Gray 4559 E. 107th Street Tulsa, Oklahoma 74137 (301) 512-4131 esogray72@gmail.com PRO SE THIRD PARTY DEFENDANT</p>	<p><i>Via U.S. Mail CMRRR</i> Richard H. Gray Catherine Gray 301 Main Plaza, #349 New Braunfels, Texas 78130 (210) 392-3550 legalfight@yahoo.com PRO SE DEFENDANTS</p>
<p><i>Via U.S. Mail CMRRR</i> Joseph Donnantuoni 15215 Berry Trail, #912 Dallas, Texas 75248 Joeytd11@yahoo.com PRO SE THIRD PARTY DEFENDANT</p>	<p><i>Via U.S. Mail CMRRR</i> Gary J. Lenahan 228 Crawford Street Beckley, West Virginia 25801 PRO SE THIRD PARTY DEFENDANT</p>

<p><i>Via U.S. Mail CMRRR</i> Andrea S. Loveless LOVELESS LAW FIRM, LLP 23121 Verdugo Drive, Suite 102 Laguna Hills, California 92653 (949) 679-4690 (949) 679-4696 fax andrea@lovelesslawfirm.com COUNSEL FOR THIRD PARTY DEFENDANT THOMAS MEAGLIA</p>	<p><i>Via U.S. Mail CMRRR</i> Henry J. Ackels ACKELS & ACKELS, LLP 3030 LBJ Freeway, Suite 1550 Dallas, Texas 75234 (214) 267-8600 (214) 267-8605 fax henry@ackelslaw.com COUNSEL FOR THIRD PARTY DEFENDANTS MILKIE/FERGUSON INVESTMENTS, MILKIE AND AIZEN</p>
<p><i>Via U.S. Mail CMRRR</i> Gary H. Oliver 1899 CR 3265 Mount Pleasant, Texas 75455 goliver@gopr.org (903) 717-1546 PRO SE THIRD PARTY DEFENDANT</p>	<p><i>Via U.S. Mail CMRRR</i> Merit Bennett THE BENNETT FIRM 460 St. Michael's Drive, Suite 703 Santa Fe, New Mexico 87505 (505) 983-9834 mb@thebennettfirm.us COUNSEL FOR THIRD PARTY DEFENDANT MIKE BESTE</p>
<p><i>Via E-Mail (Electronic service)</i> Sam L. Hensley P.O. Box 155 2415 Hwy 16 N. Bandera, Texas 78003 (830) 796-8247 sam.hensley@sbcglobal.net PRO SE THIRD PARTY DEFENDANT</p>	<p><i>Via U.S. Mail CMRRR and U.S. Mail</i> Andrew D'Agostino Harvest Planning, LLC 41 Brook Street West Sayville, New York 11796 PRO SE THIRD PARTY DEFENDANT</p>
<p><i>Via U.S. Mail CMRRR</i> Billie A. Wells 2489 Jane Addams Schertz, Texas 78154 (210) 659-7288 Ambawl2@hotmail.com INTERVENOR</p>	<p><i>Via U.S. Mail CMRRR</i> Byron Tyghe Williams P.O. Box 88 Mentor, Ohio 44061-0088 (440) 209-9977 PRO SE</p>
<p><i>Via U.S. Mail CMRRR</i> Scott Barnard Valerie Barnard 18866 Stone Oak Parkway, Suite 103-63 San Antonio, Texas 78258 Scottbarnard37@yahoo.com PRO SE</p>	<p><i>Via U.S. Mail CMRRR</i> Katie Hensley 160 Stephen Court Kyle, Texas 78640 (512) 268-0182 Kjhensley2010@gmail.com PRO SE</p>



Michael D. Napoli

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EXHIBIT “1”

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

STATE OF TEXAS,	§	IN THE DISTRICT COURT OF
	§	
Plaintiff,	§	
	§	
v.	§	
	§	
RETIREMENT VALUE, LLC,	§	
RICHARD H. "DICK" GRAY, HILL	§	
COUNTRY FUNDING, LLC, a	§	
Texas Limited Liability Company,	§	TRAVIS COUNTY, TEXAS
HILL COUNTRY FUNDING, a Nevada	§	
Limited Liability Company, and	§	
WENDY ROGERS,	§	
	§	
Defendants,	§	
	§	
AND	§	
	§	
KIESLING, PORTER, KIESLING, &	§	
FREE, P.C.,	§	
	§	
Relief Defendant.	§	126 th 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 shareholder in the law firm of Cox, Smith, Matthews Incorporated. ("Cox Smith"). 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 Commission, where I investigated violations of and enforced the

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

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

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

5. Attached to this Affidavit as Exhibit A is a copy of Cox Smith's invoice 391906 (the "CSM Invoices"). The CSM Invoices detail the services performed, during the month of October 2012, by: (a) myself as Receiver; and (b) Cox Smith as Receiver's counsel. At the end of each CSM Invoice is a Professional Summary that lists the professional staff that billed time to this matter during the relevant time period, the number of hours billed and their respective rates.

6. Attached to this Affidavit as Exhibits B and C are redacted copies of K&L Gates' invoices 2670272 and 2676986 respectively (the "K&L Invoices" and collectively with the CSM Invoices, the "Invoices"). The K&L Invoices detail the services performed by K&L Gates as Receiver's counsel during October 2012. At the end of each K&L Invoice is a Timekeeper Summary that lists the professional staff that billed time to this matter during the relevant time period, the number of hours billed and their respective rates.

7. As a general matter, the charge for the services provided by Cox Smith and by K&L Gates are determined by multiplying the total number of hours worked by each timekeeper by that timekeeper's billing rate respective. The fees charged by the Receiver and his counsel represent a discount of approximately 24% from the usual and customary fees charged by Cox Smith and K&L Gates. In this case, the billing rate of each timekeeper was discounted from the usual and customary rates charged by K&L Gates. The Receiver is charging \$320/hour, which represents a 27% discount from his usual and customary Cox Smith rate of \$440/hour. In addition, each of Cox Smith and K&L Gates have discounted their rates by 9.5%. An incidental benefit of the transition Gates to Cox Smith is that Mr. Napoli's discounted hourly rate was reduced from \$498 to 448. In addition to the reduced rates and 9.5% discounts, each firm further discounted their bills by approximately \$10,599.99. In the aggregate the discounts and write-offs associated with this Application amount to \$30,000.10. The chart below summarizes the fees charged and the discounts applied.

Invoice Summary	
Services Rendered in:	October
Fees Requested	
CSM	\$90,734.02
KLK Main	\$228.06
KLK E-data	\$4,372.19
Total	\$95,334.27
Receiver Incurred	\$47,828.00
Receiver Billed	\$34,784.00
Receiver adj	(\$13,044.00)
All other Tkpr Incurred	\$77,506.37
All other Tkpr Billed	\$60,550.27
(9.5%) adj.	(\$10,599.09)
Write-offs	(\$6,356.11)
Total Adj	(\$30,000.10)

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

9. The hourly rates set forth in the Invoices are set at a level designed to compensate the firm fairly for the work of its staff and to cover fixed and routine overhead expenses. Such rates are normal and customary in this market for legal professionals with the same level of experience and expertise at comparable legal firms in Texas. Each of Cox Smith and K&L Gates undertake annual analyses of the markets in which they operates in order to determine the appropriate fees to charge for its professionals based on the fees charged by their competitors and peer firms. The goal of these analyses is to set rates for each professional at the median rate for professionals at peer firms in similar practices areas and similar experience. Accordingly, the rates charged by Cox Smith and K&L Gates in this matter are well within the norm for firms of their type in Texas.

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

11. The amount billed for my services during the period covered by this application is \$34,784.00. The amount billed for my counsel's professional services during the period covered

by this application is \$60,550.27. These amounts were calculated by taking the time billed for each task performed in connection with this case multiplied by the discounted hourly rate for the professional or staff member who performed the task. Based on my experience and knowledge of this matter, the fees charged by myself and my team for work during October 2012 are reasonable.

12. I have reviewed K&L Gates' invoices for services rendered during October 2012. Based on my experience and knowledge of this matter, the work performed by my staff during that period was reasonable and necessary to properly allow me to fulfill my duties and responsibilities in this case.

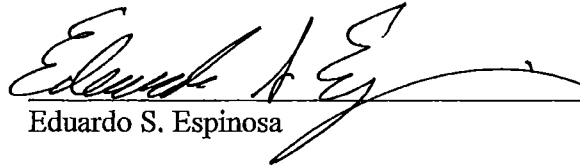
13. I have reviewed Cox Smith's invoices for services rendered during October 2012. Based on my experience and knowledge of this matter, the work performed by my staff during that period was reasonable and necessary to properly allow me to fulfill my duties and responsibilities in this case.

14. The fees requested in this application are 15% less than the average monthly fees in all preceding fee applications. I anticipate that the fees in this matter will fluctuate over the coming months, but will continue to trend downward.

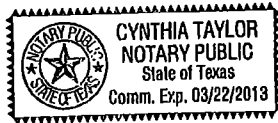
15. I engaged Lewis & Ellis to model the consolidated RV/HCF portfolio and advise the estate as to appropriate premium reserve levels and the portfolio's expected net cash at maturity. Lewis & Ellis determined that premium reserves of \$17,414,248 should suffice for 97.5% of the potential outcomes. After accounting for the Initial Distribution and the premiums paid since August 2012, the estate maintains ample cash reserves from which to pay this Application.

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FURTHER AFFIANT SAYETH NOT.


Eduardo S. Espinosa

SUBSCRIBED AND SWORN TO BEFORE ME this 30th day of November 2012.



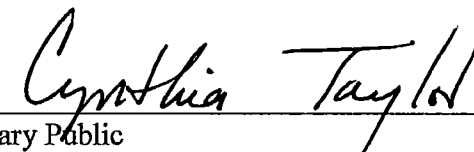

Notary Public
My Commission Expires:

EXHIBIT "A"

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ATTORNEYS

RETIREMENT VALUE, LLC
Eduardo S. Espinosa, Receiver
Cox Smith Matthews Incorporated
1201 Elm Street, Suite 3300
Dallas, TX 75270

November 16, 2012
Invoice No. 391906

Legal Services Through 10/31/2012 in Connection With

Counsel for Receiver of Retirement Value, LLC

Matter 034617.000001

10/01/12	E. Espinosa	3.90	1,248.00	Confer with G. Quinones regarding website updates (0.4); confer with BKD regarding signature stamp (0.2); confer with G. Holman regarding administrative matter and investor updates (0.8); review S. Barnard's records and correspond with J. McConnell regarding same (0.6); correspond with A. Ries regarding D. Vilnis Drew (0.3); confer with G. Holman regarding Ms. Carrington (0.2); confer with G. Holman regarding Onufreiczuk (0.1); confer with G. Holman regarding Drennans (0.2); correspond with B. Rose and I. Antongiorgi regarding Sun Life and Silvitti (0.1); research Ueoka and wife's claim and confer with J. McConnell regarding same (0.3); update claim and distribution schedules (0.5); confer with G. Holman regarding E. Martel (0.2).
10/01/12	M. Napoli	7.40	3,315.20	Telephone conference with J. Thomas (0.2); telephone conference with investor L. Black (0.1); e-mail correspondence with J. Thomas regarding permanent injunction (0.1); revise permanent injunction (0.3); e-mail correspondence with J. Onufreiczuk (0.2); analysis of alternatives to trying claims against RV (4.0); research requirements for order of resolution (2.5).

REMIT TO: COX SMITH MATTHEWS INCORPORATED
112 East Pecan Street | Suite 1800
San Antonio, TX 78205
210.554.5500 tel | 210.226.8395 fax
coxsmith.com

AUSTIN DALLAS EL PASO MCALLEN SAN ANTONIO
PAYMENT DUE UPON RECEIPT | FEDERAL TAX ID # 74-1676899

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November 16, 2012
Invoice No. 391906
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10/01/12	G. Holman	5.20	823.58	<p>Review multiple email exchange regarding deposition availability (.2); review proposed order setting hearing on October 24 (No Charge .1); update investor communication spreadsheet in preparation for mail merge (1.1); follow-up up with HCF Receiver regarding; update list of investors who invested through their IRA (.1); review email correspondence regarding Custodian change for claimant, Drew Vilnis (.1); multiple email exchanges with POA of claimant Drew Vilnis (.2); email exchange with Receiver regarding discrepancy in investment amount of claimant, Diane Carrington (.1); review investor phone log and return phone calls of various investors regarding case status and other inquiries conference with Diane Carrington regarding same (2.2); review documentation provided by claimant Alan Chandler's financial advisor (.2); discuss inadequacy with Receiver; notify claimants Alan Chandler of inadequacy (.2); follow-up with HCF Receiver regarding IRA claimants (.1); email exchange with Receiver regarding same (.1); update communications log with communications completed by M Napoli (.2); prepare chart summarizing custodian ownership change forms (.4); forward to Receiver for review (No Charge .1).</p>
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10/02/12	E. Espinosa	7.50	2,400.00	Telephone conference with A. Williams (BKD) regarding distribution (0.5); telephone conference with K. Hinkle (ASG) regarding premium financing (0.6); reconciliation of ASG variance reports and update premium worksheet (2.7); confer with G. Holman regarding various updates and IRA dissolutions (0.5); confer with J. McConnell regarding settlements (0.2); correspond with C. Underwood regarding September and October premiums (0.4); telephone conference with B. Rose and P. Maule regarding JSSRV001, RV014 and RV021 (0.4); update investor data in Schedule of Claims and distribution table (0.7); download check run data, distribution amounts, set-offs and updated claimant information to BKD (0.8); telephone conference with A. Menendez regarding J. Jimenez (IRA), distribution and case status (0.3); telephone conference and e-mails with D. Horowitz (0.4).
10/02/12	M. Napoli	8.00	3,584.00	Research regarding claims against RV by State and others (6.0); research and analysis regarding resolution of State's claims against RV and resolution order (2.0).
10/03/12	E. Espinosa	2.40	768.00	Confer with G. Holman regarding investor data and IRA custodians (0.4); correspond with C. Kumar of Chase (0.3); address administrative matters regarding October 15 check run (0.8); correspond with C. Underwood of BKD (0.2); review Ueoka's distribution status and correspond with BKD regarding same (0.3); review files and confer with McConnell regarding Donnantuoni (0.4).
10/03/12	M. Napoli	6.20	2,777.60	Address state's motion for summary judgment (6.0); review M. O'Donnell correspondence regarding privilege logs (0.1); e-mail correspondence with J. Thomas regarding response to O'Donnell letter (0.1).

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10/04/12	M. Napoli	8.40	3,763.20	Telephone conference with J. Thomas (0.2); e-mail correspondence with J. Thomas and J. McConnell regarding discovery issues (0.3); prepare memo regarding motion for summary judgment on State's claims as method for avoiding January trial (4.0); telephone conference with E. Espinosa (0.5); review results of new ESI searches (1.5); prepare memo to R. Sanchez, M. Goodfriend regarding results (0.4); prepare memos to J. Thomas and J. McConnell regarding new documents (0.4); e-mail correspondence with M. Goodfriend regarding ESI status (0.2); review and analyze draft orders on class certification and stay (0.2); prepare memo to J. Thomas regarding orders (0.6); e-mail correspondence with J. Thomas regarding response to proposed orders (0.1).
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10/04/12	G. Holman	5.50	<p>871.09 Review and analyze orders relating to the preliminary approval of the McDermott settlement (.2); review multiple email exchange amongst counsel regarding approval of same (.2); attention to email correspondence regarding local counsel's firm name change and updated distribution email list (.1); identify HCF claimant's, Ueoka, custodian and advise J McConnell for purposes of finalizing settlement documents (.2); review and analyze Ronald James, Donald James, and James Settlement Services, LLC's discovery responses to Receiver's Third Set of Interrogatories and Third Request for Production (No Charge .3); review email correspondence detailing accounting and check issuance instructions to BKD (.2); review Bobick transcript and exhibits (.3); follow-up with a discovery team regarding research project (.4); multiple email exchange regarding same (.1); prepare status email to M Napoli regarding findings (.1); email Receiver regarding set off for Lois Erickson (.1); discuss findings with beneficiary of Lois Erickson (.2); review investor investor (18) phone log and return phone calls regarding case status and other inquiries (3.4).</p>
10/05/12	E. Espinosa	1.00	<p>320.00 Confer with J. McConnell (0.2); attend to M. McDermott's obligation to cooperate (0.5); confer with M. Napoli (0.3).</p>

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10/05/12	M. Napoli	7.30	3,270.40	Telephone conference with J. Halter, M. Goodfriend regarding ESI searches (0.5); telephone conference with J. Thomas (0.8); review and revise motion to set aside McDermott settlement (0.3); continue review on motion for summary judgment on State's claims as method for avoiding trial (3.5); review results from new ESI searches (1.5); e-mail correspondence with J. Thomas (0.2); review correspondence from B. DeLeon (0.1); review documents provided by McDermott (0.2); review J. Thomas correspondence to B. DeLeon (0.1); confer with G. Holman regarding ESI searches (0.1).
10/05/12	G. Holman	6.00	950.28	Meeting with him M Napoli to discuss e-discovery project (No Charge .3); review and analyze Wendy Rogers's transcript and exhibits (.4); review investor phone log and return phone calls of various investors regarding case status and other inquiries (2.6); research investor address information (3.0).
10/08/12	E. Espinosa	2.90	928.00	Review Motion to Withdraw Settlement Approval (1.3); confer with counsel regarding same (0.5); confer with G. Holman regarding updated addresses (0.3); review settlement offers, financial statements and commissions paid to certain licensees (0.8).
10/08/12	M. Napoli	7.80	3,494.40	Review motion to set aside McDermott settlement (0.2); e-mail correspondence with J. George, J. Thomas, J. McConnell and E. Espinosa regarding McDermott settlement (0.5); e-mail correspondence regarding J. Donnantuoni offer (0.1); attention to agreed order and other methods by resolving State's claims against RV without trial including State's motion for summary judgment (7.0).

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10/09/12	E. Espinosa	2.60	832.00	Confer with M. Napoli (0.4); address Donnatouni and Hartman settlement offers (1.2); correspond with G. Norris (0.2); research investor IRA accounts and confer with G. Holman regarding same (0.8).
10/09/12	M. Napoli	0.90	403.20	Telephone conference with A. Goldate (0.3); respond to investor inquiry regarding distribution (0.2); telephone conference with E. Espinosa (0.4).
10/09/12	G. Holman	4.60	728.55	Follow up with custodians regarding status of claimants' account numbers (.3); update contact sheet with same (2.1); multiple email exchange with paralegals and database manager regarding bates label number for upcoming document production (.2); update review investor phone log and return phone calls of various investors regarding case status and other inquiries (2.0); review and analyze Third-Party Plaintiff's Petition for an Order for Issuance of Subpoena (No Charge .2); review and analyze multiple Notices Regarding Special Exceptions of Certain Licensees filed by Kiesling, Porter, Kiesling & Free P.C. (No Charge .3).
10/10/12	E. Espinosa	1.70	544.00	Reconcile IRA account numbers (1.0); confer with G. Holman regarding same (0.3); confer with J. McConnell and M. Napoli (0.4).
10/10/12	M. Napoli	4.60	2,060.80	Review and revise latest draft of order denying class certification (0.2); telephone conference with J. McConnell and E. Espinosa (0.4); e-mail correspondence regarding order denying class certification (0.1); review draft letter to B. DeLeon regarding McDermott settlement (0.1); review documents related to McDermott production (2.0); prepare questions for McDermott deposition (1.5); e-mail correspondence with J. McConnell and J. Thomas regarding McDermott deposition (0.3).

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10/10/12	G. Holman	6.90	1,092.82	Prepare status email to Receiver regarding discrepancies with IRA documentation information (.2); meeting with Receiver regarding same (.3); review investor phone log and return phone calls of various investors regarding case status and other inquiries (1.2); review multiple email correspondence regarding scheduling deposition dates (.2); update contact spreadsheet (4.3); forward final contact spreadsheet to Receiver for review and comment (.1); follow-up with Receiver regarding issues with contact information of certain claimants (.3); review and analyze D Gray's transcript and exhibits (.3).
10/11/12	E. Espinosa	3.20	1,024.00	Confer with G. Holman regarding investor communications (0.2); review correspondence with B. DeLeon (0.2); confer with G. Holman regarding IRA account numbers (0.4); confer with BKD regarding Texas franchise tax return (0.2); confer with BKD regarding check run (0.7); attend to U.S. Post Office box (0.1); correspond with C. Kumar at Chase regarding signature stamp (No Charge 0.2); address settlements with counsel (0.2); telephone conference with C. Underwood regarding IRA "payee" (0.4); correspond with BKD regarding bank statements and customer profile edits (0.4); correspond with Dr. Baker regarding FMV (0.4).
10/11/12	M. Napoli	4.60	2,060.80	E-mail correspondence with J. McConnell regarding scheduling order (0.1); e-mail correspondence with R. Sanchez and J. McConnell regarding defendant's production (0.2); review and revise letter to B. DeLeon (0.2); review correspondence from B. DeLeon (0.1); review analysis from J. Thomas regarding claims of 3rd Party Defendants (4.0).

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10/11/12	G. Holman	6.30	997.79	Meeting with Receiver to discuss outstanding IRA account numbers for purposes of preparing for distributions (.4); telephone conferences with certain claimants regarding same (1.3); review investor phone log and return phone calls of various investors regarding case status and other inquiries (4.3); review email exchange between paralegals and database manager regarding bates number for upcoming production (.2); review email correspondence to BKD forwarding instructions for updated contact information of certain claimants. (.1)
10/12/12	E. Espinosa	5.60	1,792.00	Prepare fee application (2.7); confer with G. Holman and M. Napoli regarding investors Bello & Rogers (0.4); confer with M. Napoli regarding telephone conference with J. Parsons regarding disputed claims procedure (0.4); correspond with C. Kumar at Chase (0.2); correspond with G. Holman, I Antongiorgi and C. Underwood regarding HCF IRA custodian information (0.4); correspond with K&L's accounting office regarding invoicing (0.3); confer with G. Holman and C. Underwood regarding Peterson, Lozes, Hayes and Thornton (0.5); correspond with G. Quinones regarding website (0.4); telephone conference with A. Williams at BKD (0.3).
10/12/12	M. Napoli	6.20	2,777.60	Review and revise supplemental motion to compel James/Beste (0.1); analyze and respond to J. Thomas' memos regarding claims against 3rd Party Defendants (4.5); telephone conference with J. Parsons regarding procedure for resolving proofs of claim (0.4); confer with E. Espinosa regarding Parson's conversation and process for resolution of proofs of claim (0.2); confer with G. Holman regarding communications with investors (0.2); review outstanding proofs of claim (0.4); prepare updates for website (0.4).

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10/15/12	E. Espinosa	5.50	1,760.00	Confer with G. Quinones regarding website update (0.5); confer with A. Williams and C. Underwood regarding check run (0.8); attend to Roger's dispute (0.2); confer with G. Holman regarding mailing list updates (0.4); address Harrison's claim (0.3); attend to HCF correspondence with J. Hancock (0.1); confer with J. Thomas regarding McDermott and monitor same (0.3); attend to motion to compel (0.2); cut manual checks (0.4); acquire signature stamps (No Charge 0.6); attend to check run and reconcile same with distribution amount (1.9); confer with TSSB (0.4).
10/15/12	M. Napoli	5.00	2,240.00	Revise Receiver's Response to Motion to Compel (1.5); work on status report regarding proofs of claim (3.0); review R. C. Harrison claim (0.2); prepare memo regarding R. C. Harrison claim (0.2); confer with E. Espinosa regarding R. C. Harrison (0.1).
10/16/12	E. Espinosa	4.30	1,376.00	Telephone conference with J. McConnell and M. Napoli (0.3); attend to check distribution (0.6); transfer funds to cover distribution amount (0.2); review statement regarding distribution (0.3); attend to Gray's warning regarding Rogers (0.2); attend to Hartman and Donnatuoni settlements (0.5); attend to Bello, Pinkerton correspondence (0.3); prepare Thirteenth Fee Application (1.5, No Charge 3.0); attend to accounts payable (0.4).

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10/16/12	M. Napoli	3.80	1,702.40	Telephone conference with J. Thomas, J. McConnell and E. Espinosa (0.3); review and respond to R. Gray e-mail regarding investor J. Rogers (0.3); handle issues raised by Gray E-mail (0.3); work on status report to court regarding claims (2.0); prepare correspondence to investor Bellos (0.5); e-mail correspondence with J. McDonnell and G. Holman regarding status of production (0.2); e-mail correspondence with M. Goodfriend regarding latest ESI searches (0.1); e-mail correspondence with E. Espinosa and J. Thomas regarding October 24 hearing (0.1).
10/17/12	E. Espinosa	6.70	2,144.00	Correspond with BKD regarding checks 1033 and 1034, check stock and follow-up on distribution (0.4); review statement regarding distribution (0.2); correspond with DFM-Life Settlement Reports (0.1); respond to investor (Hollick, Wilkshire, Thompson, Skinner, Slay and Rogers) inquiries regarding checks (3.2); correspond with M. Napoli regarding Bellos (0.1); attention to distribution administrative matters/address issues (2.7).

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10/17/12	G. Holman	6.00	950.28	<p>Review email correspondence from court clerk granting time to address housekeeping issues at upcoming hearing (.1); review file to locate attorney information for T Moss (.2); create email distribution list of claimants with disputes and forward same to M Napoli (.1); review Agreed Permanent Injunction Order and Final Judgment as to Wendy Rogers and email regarding same (No Charge .2); review email correspondence from BKD accountant regarding status of re-issuance of checks and corrections (No Charge .2); review and analyze correspondence to the court regarding response to Kiesling Defendants' Notice regarding special exceptions (No Charge .1); review investor phone log and return phone calls of various investors (10) regarding case status and other inquiries (5.2); review and analyze status report on proofs of claims (.1); update status report with information detailed in same (.2); update communications log to reflect Receiver's communications with J Holick and B Thompson (.1); review correspondence from court clerk regarding procedures required prior to hearing (No Charge .1) ; review email reminder to announce ready for upcoming hearing (No Charge .1); review and analyze Third-Party Defendants Ronald James, Donald James, and James Settlement Services, LLC's Response to the RV Receiver's Second Motion to Compel (No Charge .2); review correspondence regarding proposed Amended Discovery Control Plan forwarded to team for review and comment (No Charge .2); review and analyze the Kiesling Defendants' Brief in Support of Its Special Exceptions to Licensees' Cross-Claims and/or Third-Party Claims (.No Charge 3); review and analyze the HCF Receiver's Response to James Settlement Services LLC, Ronald James, and Donald James's Special Exceptions (No Charge .3).</p>
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10/18/12	E. Espinosa	9.00	2,880.00	Confer with G. Quinones regarding website updates (0.3); attend to McDermott cooperation issue (0.2); confer with I. Antongiorgi regarding disputed proofs of claim (0.4); respond to investors (Stone, Jones, Meier, Rizzutto, Kay, Fresch, Plate, Kaye, Slay, Smith, Cook, Cooper, Thomas, Coleman) inquiries (5.4); confer with A. Postal (0.5); address distribution issues (0.6); correspond with G. Holman regarding same (0.3); correspond with BKD (0.2); review motion regarding disputed proofs of claim (0.3); confer with J. McConnell regarding Ueoka and HCF claim (0.2); review motion to enforce settlement (0.4); e-mail J. Rogers regarding difference in disputed amount (0.2).
10/18/12	M. Napoli	0.20	89.60	Review proposed docket control order (0.2).

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10/18/12	G. Holman	7.00	1,108.66	Review multiple email exchange with BKD accountant regarding status of issuance of checks and corrections (.2); research regarding check errors and forward findings to Receiver (.4); forward requested proof of claim forms to HCF Receiver (.2); review investor phone log and return phone calls of various investors regarding case status and other inquiries (5.7); review email correspondence from D Ueoka and forward to Receiver for response (.2); update communications log to reflect Receiver's communications with multiple claimants (.2); review and analyze Receiver's First Amended Response to Certain Third-Party Defendants' Second Request for Production (No Charge .3); review status email regarding returned checks (.1); review and analyze Joint Motion Of Receiver and State of Texas to Enforce Settlement Agreement with McDermott or, in the Alternative, to Withdraw Court Approval of Settlement (No Charge .2); review and analyze Third-Party Defendant, Michael McDermott's Objection to Receiver's Supplemental Motion to Compel against Third-Party Defendants, James Settlement Services, LLC, Ronald James and Donald James, and Motion to Strike (No Charge .2); review multiple parties' First Amended Counterclaims, Cross-Claims and Third-Party Claims (No Charge .3).
10/18/12	G. Holman	0.30	47.51	Review investor phone log and return phone calls of various investors regarding case status and other inquiries conference with probate court clerk regarding procedure for obtaining letters testamentary; coordinate retrieval of letters testamentary with courier.

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10/19/12	E. Espinosa	4.10	1,312.00	Confer with M. Napoli regarding disputed claims and Ueoka (0.3); finalize and submit Thirteenth Fee Application (No Charge 2.1); respond to Hartman counter (0.1); confer with G. Quinones (0.4); address investor inquiries: Steinkamp, Van Norman, Goolsby, Picolella, Engerman, Solito (2.6); attend to McDermott cooperation (0.1); address post-distribution administrative issues (0.6).
10/19/12	M. Napoli	2.90	1,299.20	Review and revise Thirteenth Fee Application (1.5); review and revise status report on claims (0.2); e-mail correspondence with J. Thomas and J. McConnell regarding production of documents (0.2); prepare e-mail to contested claim holders regarding October 24 hearing (0.1); review and revise response to Rentea requests for production (0.1); confer with E. Espinosa regarding resolution of remaining claims and Ueoka claims (0.3); review filings for October 24 hearing (0.5).

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10/19/12	G. Holman	2.80	443.46	Update communications log to reflect Receiver's communications with multiple claimants (.2); create tracking log for returned and reissued checks (.5); forward same to Receiver for review (.1); review email correspondence to BKD accountant regarding status of Goolsby claim (.1); review email correspondence regarding typos (No Charge .1); review email correspondence regarding custodian changes (.2); review and analyze Society and Corporation of Lloyd's request to depose the representative for the Hill Country Funding (No Charge .1); review investor phone log and return phone calls of various investors regarding case status and other inquiries (1.3); review and analyze Wells Fargo's Motion to Enter Order Denying Class Certification (No Charge .2); review and analyze Receiver's Status Report on Claims Disputes (.2); update communications log to reflect Receiver's communications with multiple claimants (.2); review multiple correspondence to court clerk enclosing required materials for upcoming hearing (No Charge .2).
10/22/12	E. Espinosa	5.10	1,632.00	Prepare Issues Log regarding initial distributions (2.1); confer with C. Underwood regarding check run (1.2); respond to investor inquiries (1.8).
10/22/12	M. Napoli	0.50	224.00	E-mail correspondence with J. Thomas and J. McConnell regarding ESI searches (0.1); e-mail correspondence regarding Gray depositions (0.1); e-mail correspondence with H. Halter and M. Goodfriend regarding ESI searches (0.1); e-mail correspondence regarding investor Fox (0.1); review and respond to correspondence regarding discovery control plan (0.1).

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10/23/12	E. Espinosa	7.60	2,432.00	Draft FAQs, revise and finalize same (2.1); attend to various investor inquiries (5.1); confer with G. Holman regarding status of investor inquiries and response time (0.4).
10/23/12	M. Napoli	6.00	2,688.00	Prepare for hearing on motions to compel and process for proof claims(3.0); telephone conference with J. McConnell (0.5); telephone conference with J. McConnell, J. Thomas and M. Goodfriend (0.6); working session with E. Espinosa on letter to investors regarding distribution (0.5); consider plan/process for resolving investor claims (0.9); telephone conference with J. McConnell regarding motions to compel (0.3); e-mail correspondence with M. Goodfriend regarding ESI (0.2).
10/24/12	E. Espinosa	7.80	2,496.00	Attend to various investor inquiries (5.3); confer with BKD regarding replaced checks (2.0); website update (0.5).
10/24/12	M. Napoli	3.00	1,344.00	Travel to Austin to attend hearing (No Charge 4.0); attend hearings on motion to compel and proof of claim process (3.0); return travel to Dallas (No Charge 4.0).
10/25/12	E. Espinosa	6.90	2,208.00	Telephone conference with R. Whitaker and A. Favret (0.4); multiple telephone conferences with D. Jones, A. Ries, R. Stafford and H. Lopez (investors) (2.3); correspond with G. Gottuso regarding approved claim (0.3); attend to check run for replacement checks (1.8); attend to customer information regarding the Estate of R. Yates (0.2); conference with BKD regarding updated customer information and updated QuickBooks (0.8); attend to Hartman settlement (0.2); update check run issue log and track resolutions (0.6); confer with M. Napoli regarding status report regarding October 24 hearing (0.3).

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10/25/12	M. Napoli	6.10	2,732.80	Review orders entered by court (0.3); confer with E. Espinosa regarding hearings on October 24 (0.3); correspond with J. Thomas and J. Hohengarten regarding motion for summary judgment (0.4); attend to issues regarding motion for summary judgment (2.0); e-mail correspondence with R. Sanchez regarding production (0.3); work on refined production of documents to third-party defendants (2.0); review e-mail correspondence regarding depositions (0.1); telephone conference with M. Hammond (0.1); telephone conference with investor J. Chambers (0.6).
10/26/12	E. Espinosa	4.90	1,568.00	Correspond with disputed claimant regarding release of undisputed portion (0.2); correspond with Skinner and Smith (0.8); attend to supplemental check run (0.4); attend to banking administration (0.4); transfer November premiums to log same (0.4); process replacement checks and update logs (0.8); address O. Medlin's Roth/IRA split (0.3); prepare 10th motion for professional fees (1.2); reconcile settlements with deposit (0.2); address W. Burchfield's check issue (0.1); correspond with E. Garrett regarding mailing list (0.1).
10/26/12	M. Napoli	2.10	940.80	Work on production and supplemental production (0.9); conference with G. Holman regarding Beste production (0.1); e-mail correspondence with R. Sanchez regarding production (0.2); review and revise 10th application for professional fees (0.2); e-mail correspondence with J. Hohengarten (0.2); e-mail correspondence regarding deposition scheduling (0.1); e-mail correspondence with J. Chambers (0.3); memo to file regarding J. Chambers (0.1).

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10/29/12	E. Espinosa	5.80	1,856.00	Various correspondence with multiple investors (M. LaRose, L. Chandler, G. Houheiler, R. Skinner) (1.5); review form of revised settlement agreement and confer with J. McConnell regarding same (0.8); draft reply to W. Kroek (0.6); correspondence with L. Maxfield (0.4); update Issue log (0.4); confer with GBKH regarding mailing list (0.3); attend to settlement offers (0.3); attend to stop payments on missing checks (0.4); review objections (0.2); address returned mail (0.1); address Ms. Severson's concerns (0.2); confer with M. Napoli regarding Sparkman (0.2); correspondence regarding D. Jones (0.4).
10/29/12	M. Napoli	0.50	224.00	E-mail correspondence with R. Sexton (0.1); e-mail correspondence with M. Goodfriend (0.1); confer with E. Espinosa regarding Sparkman claim and motion to deny claims (0.3).
10/30/12	E. Espinosa	2.60	832.00	Various conversations with investors (C. Tapia, D. Waechter, V. Easton, O. Medlin, F. Fogarty o/b/o B. Levy, I. Katz, G. Gajardo) (1.7); correspond with W. Tuckner (0.4); confer with G. Holman regarding B. Levy (0.2); review file for L. Severson (0.3).
10/30/12	E. Espinosa	1.60	512.00	Conference with G. Holman regarding investor communications (0.2); review website and correspond with BKD regarding same (0.3); attend to Meijerink correction of address (0.1); review Sparkman correspondence (0.1); confer with J. Thomas (0.2); address investor issues raised in teleconferences and revise records accordingly (0.7).
10/30/12	M. Napoli	8.00	3,584.00	Respond to various investor inquiries (1.0); review Sparkman proof of claim and prepare response to Sparkman inquiry (2.0); prepare motion to deny certain claims (5.0).

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10/31/12	E. Espinosa	2.90	928.00	Telephone conference with J. Thomas and M. Napoli (0.8); various investor conversations (P. Chiechi, M. LaRose, G. Hohweiler, K. Vickers, C.D. Gray) (1.4); reconcile settlement funds and prepare deposit (0.7).
10/31/12	E. Espinosa	3.10	992.00	Attend to investor updates, address L. Severson's estate issue, J. Harry's will, and correspond regarding same (0.6); monitor document production status (0.2); update QuickBook files and review initial checkrun postings (0.6); correspond with BKD regarding K. Vickers to process stop payment (0.4); address account names with BKD and administration of same (0.3); address pending settlements with BKD (0.4); correspond with E. McDavid (0.2); address various e-mails from website (0.4).
10/31/12	M. Napoli	7.50	3,360.00	Prepare motion to deny claims (5.0); review proposed orders from October 24 hearing (0.2); respond to investor inquiries (1.3); e-mail correspondence with R. Sanchez regarding production ordered by court (0.2); telephone conference with J. Thomas and E. Espinosa (0.8).

Total Hours 266.30

Total Fees \$ 90,734.02

Professional Summary

Professional	Title	Hours Worked	Hourly Rate	Total Fees
E. Espinosa	Shareholder	108.70	320.00	34,784.00
M. Napoli	Shareholder	107.00	448.00	47,936.00
G. Holman	Paralegal	50.60	158.38	8,014.02
Total All Professionals		266.30	\$ 340.72	\$ 90,734.02

Total This Invoice \$ 90,734.02

EXHIBIT “B”

K&L|GATES

K&L Gates LLP
925 Fourth Avenue
Suite 2900
Seattle, WA 98104-1158

Tax ID No. 25 0921018

T 206.623.7580

www.klgates.com

c/o Eduardo S. Espinosa, Receiver
1717 Main Street,
Suite 2800
Dallas, TX 75201

November 5, 2012
Invoice Number: 2670272

Julie Anne Halter

For Professional Services Rendered Through October 31, 2012:

1203981.70001 State of Texas vs Retirement Value LLC, et. al. - e-DAT Fees

Fee Amount	4,344.91
Disbursement Amount	27.28

Total Amount Due This Matter **4,372.19**

This invoice reflects fees and costs not previously billed. Past due balances, if any, will be shown on a separate statement of account at the beginning of the next month. Payment is due in U.S. dollars upon receipt. Funds may be wired to our account number 153557906580 US Bank, Private Financial Services, 1420 5th Ave. Suite 2100, Seattle, WA 98101, ABA Routing Number 125000105. Check payments should be sent to K&L Gates LLP, RCAC, 925 Fourth Ave., Suite 2900, Seattle, WA 98104-1158.

K&L|GATES

K&L Gates LLP
925 Fourth Avenue
Suite 2900
Seattle, WA 98104-1158

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c/o Eduardo S. Espinosa, Receiver
1717 Main Street,
Suite 2800
Dallas, TX 75201

November 5, 2012
Invoice Number: 2670272
Page 2

Julie Anne Halter

1203981 The Estate of Retirement Value, LLC
1203981.70001 State of Texas vs Retirement Value LLC, et. al. - e-DAT Fees

For Professional Services Rendered Through October 31, 2012

Date	Atty	Hours	Amount	Description of Services
10/05/12	JAH	0.80	390.96	Conference call with M. Napoli to discuss revised search protocol; follow up regarding same
10/17/12	YMBG	1.40	430.78	Coordinate and oversee processing of documents; conduct analysis of search terms; address search terms issues to M. Napoli
10/23/12	YMBG	1.80	553.86	Attend teleconference with M. Napoli with regard to document searching process; draft document searching and exporting proposal
10/29/12	YMBG	1.20	369.24	Coordinate and oversee processing of documents; address production issues to R. Sanchez
10/29/12	JRS	3.60	684.18	Electronically produce documents out of Ringtail per the request of M. Napoli (Cox Smith).
10/30/12	YMBG	1.10	338.47	Coordinate and oversee processing of documents; address case status to J. Halter
10/30/12	JRS	5.90	1,121.30	Electronically produce documents out of Ringtail per the request M. Napoli (Cox Smith);
10/31/12	JRS	2.40	456.12	Electronically produce documents out of Ringtail per the request M. Napoli (Cox Smith); organize, stage and load documents into Ringtail per the request of M. Napoli;

Total Fees: 4,344.91

Disbursements

Amount

Long Distance Courier

27.28

Total Disbursements:

27.28

This invoice reflects fees and costs not previously billed. Past due balances, if any, will be shown on a separate statement of account at the beginning of the next month. Payment is due in U.S. dollars upon receipt. Funds may be wired to our account number 153557906580 US Bank, Private Financial Services, 1420 5th Ave. Suite 2100, Seattle, WA 98101, ABA Routing Number 125000105. Check payments should be sent to K&L Gates LLP, RCAC, 925 Fourth Ave., Suite 2900, Seattle, WA 98104-1158.

K&L | GATES

Tax ID No. 25 0921018

K&L Gates LLP
925 Fourth Avenue
Suite 2900
Seattle, WA 98104-1158

T 206.623.7580

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c/o Eduardo S. Espinosa, Receiver
1717 Main Street,
Suite 2800
Dallas, TX 75201

November 5, 2012
Invoice Number: 2670272
Page 3

Julie Anne Halter

Total Amount Due This Bill 4,372.19

Total Now Due 4,372.19

This invoice reflects fees and costs not previously billed. Past due balances, if any, will be shown on a separate statement of account at the beginning of the next month. Payment is due in U.S. dollars upon receipt. Funds may be wired to our account number 153557906580 US Bank, Private Financial Services, 1420 5th Ave, Suite 2100, Seattle, WA 98101, ABA Routing Number 125000105. Check payments should be sent to K&L Gates LLP, RCAC, 925 Fourth Ave., Suite 2900, Seattle, WA 98104-1158.

EXHIBIT “C”

K&L | GATES

K&L Gates LLP
1717 Main Street
Suite 2800
Dallas, TX 75201

Tax ID No. 25 0921018

T 214.939.5500

www.klgates.com

**PRIVILEGED AND CONFIDENTIAL
DO NOT DISCLOSE**

The Estate of Retirement Value, LLC
c/o Eduardo S. Espinosa, Receiver
Cox Smith
1201 Elm Street, Suite 3300
Dallas, TX 75270

November 9, 2012

Invoice: 2676986

Matter Desc.: State of Texas vs. Retirement Value

LLC, et. al.

Client/Matter #: 1203981.00001

This statement covers fees for legal services rendered for your account during the period ending 10/31/2012.
Detailed information regarding these fees is attached.

Current Charges:

Fees

228.06

Total Current Charges

\$228.06

PAYMENT FOR "CURRENT AMOUNT" IS DUE IN FULL ON OR BEFORE DECEMBER 9, 2012

*Please Return a Copy of This Page With Your Payment to K&L Gates, RCAC, 925 Fourth Avenue, Suite 2900,
Seattle, Washington 98104-1158, Reference Invoice: 2676986*

*Payment Can Also be Made by wire to: US Bank, Private Financial Services, 1420 5th Ave. Suite 2100,
Seattle, WA 98101, ABA Routing Number: 125000105, Account # 153557906580, Reference Invoice 2676986*

PRIVILEGED AND CONFIDENTIAL
DO NOT DISCLOSE

The Estate of Retirement Value, LLC
c/o Eduardo S. Espinosa, Receiver
Cox Smith
1201 Elm Street, Suite 3300
Dallas, TX 75270

November 9, 2012
Invoice: 2676986

FOR PROFESSIONAL SERVICES RECORDED AS OF 10/31/12:

Matter: 1203981.00001

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

<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
8/7/12	Brown, A. G.	1.20	228.06	Review and analyze email files in preparation for responses to discovery requests
TOTAL HOURS		1.20		
TOTAL FOR SERVICES			\$228.06	

TIMEKEEPER SUMMARY

<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Brown, A. G.	1.20	190.05	228.06
Total for All Timekeepers	1.20	\$190.05	\$228.06

INVOICE TOTAL

	<u>Fees</u>	<u>Expenses</u>	<u>Total</u>
Current Charges	228.06	0.00	228.06
TOTAL BALANCE DUE THIS MATTER			\$228.06

PAYMENT DUE IN FULL ON OR BEFORE DECEMBER 9, 2012

