

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

STATE OF TEXAS,

Plaintiff,

v.

RETIREMENT VALUE, LLC,  
RICHARD H. "DICK" GRAY, HILL  
COUNTRY FUNDING, LLC,  
HILL COUNTRY FUNDING, and  
WENDY ROGERS,

Defendants,

AND

JAMES SETTLEMENT SERVICES, LLC  
et al.,

Third Party Defendants.

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

126<sup>th</sup> JUDICIAL DISTRICT

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

Eduardo S. Espinosa, court-appointed receiver for Retirement Value, LLC, files his nineteenth application for fees incurred by the Receiver and his counsel, Cox, Smith, Matthews Incorporated and K&L Gates, LLP; covering the months of covering the month of July through August 2013.

**BACKGROUND**

To assist the Receiver in the performance of these duties, the Agreed TI authorizes the Receiver 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.<sup>1</sup>

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 between July and August 2013 by Cox Smith and K&L Gates.

The Receiver has incurred fees of \$48,640.00 during the period covered by this Application. He has retained the legal services of Cox Smith and K&L Gates which have

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<sup>1</sup> 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.

incurred fees for the periods covered by this Application of \$38,839.04 and \$513.14, 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 26.6% 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 has discounted their rates by 9.5% and further discounted their bills by approximately \$9,476.80. In the aggregate the discounts and write-offs associated with this Application amount to \$31,847.69. Espinosa Affid at ¶7. The chart below summarizes the fees charged and the discounts applied.

<b>Invoice Summary</b>			
Services Rendered in:	Jul-13	Aug-13	Total
Fees Requested			
CSM	\$41,929.47	\$45,549.57	\$87,479.04
KLK E-data	\$513.14		\$513.14
<b>Total</b>	<b>\$42,442.61</b>	<b>\$45,549.57</b>	<b>\$87,992.18</b>
Receiver Incurred	\$44,396.00	\$22,484.00	\$66,880.00
Receiver Billed	\$32,288.00	\$16,352.00	\$48,640.00
Receiver adj	(\$12,108.00)	(\$6,132.00)	(\$18,240.00)
All other Tkpr Incurred	\$15,252.56	\$37,707.31	\$52,959.87
All other Tkpr Billed	\$10,154.61	\$29,197.57	\$39,352.18
9.5% adj.	(\$1,065.95)	(\$3,064.94)	(\$4,130.89)
Write-offs	(\$4,032.00)	(\$5,444.80)	(\$9,476.80)
<b>Total Adj</b>	<b>(\$17,205.95)</b>	<b>(\$14,641.74)</b>	<b>(\$31,847.69)</b>

**i. What Have We Accomplished During This Period**

During the period covered by this Application, the Receiver and his counsel devoted

substantial attention to prosecuting litigation in this matter and ancillary proceedings, 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;
- Preparation, submission and dissemination of the Receiver's Report dated as of May 31, 2013, the estate's third anniversary;
- Maintaining and periodically updating the estate's website with new information and current events;
- Attending to the preservation of the estate's assets, including coordination of various accounting matters, funds management, and payment of premiums;
- Responding to numerous inquiries and resolving various issues regarding the investors' claims;
- Responding to inquiries from self-regulatory agencies and federal, state, county and municipal law enforcement and taxing 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;
- Coordinating and supervising the prosecution of third party claims with the estate's contingency fee counsel;
- Negotiating, documenting and resolving the disputes with David & Elizabeth Gray;
- Representing the estate in its arbitration against Wells Fargo;
- Responding to discovery requests and marshalling Retirement Values records;
- Representing the estate against adverse claims, including without limitation, claims asserted by the Cain Intervenors for reimbursement of legal expenses.

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 (i) collapse the portfolio so that all claimants share in all of the estate's assets, and (ii) hold the insurance policies until all of the policies have matured.<sup>2</sup>

#### **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 100% on the investor-victims money, plus or minus 20% over the life of the portfolio. The

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<sup>2</sup> 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. David & Elizabeth Gray's assignment of their Class II claims against HCF to Retirement Value, *infra.*, effectively adjusts those percentages to 94.89% and 5.11%, respectively.

involuntary bankruptcy filing on August 12, 2011, preempted the Court's consideration of the plan that 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.

Following 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 authority 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. During the period covered by this Application, the Receiver resolved the estate's lawsuit against David and Elizabeth Gray (former owners of Retirement Value), whereby the Gray's assigned \$144,500 of Class II claims to the estate and released \$970,000 of Class III claims against it. 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 Intervenors, 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.<sup>3</sup> GBKH has sued numerous licensees and others owing money to the estate. As of the date of this application the Court has approved (i) over \$2,021,000 in negotiated settlements with third party licensees who participated in the sale of the RSLIP; (ii) \$200,000 settlement with Wendy Rogers and (iii) a \$5.5 million settlement with Ron James, Don James, James Settlement Services and Michael Beste. The Court has also granted Retirement Value almost \$1.5 million in judgments against certain licensees. 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%

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<sup>3</sup> The Receiver paid reimbursable expenses of \$50,000 out of pocket. Any additional expenses are being paid out of any recoveries from the licensees.

of the potential outcomes. After accounting for the Initial Distribution and the premiums paid 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) mitigation 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.

Adoption of the plan of distribution largely resolved the claims against the estate. Receiver received 44 proofs of claim (25 from investors and 6 from other claimants) disputing scheduled claim amounts or characterization. A hearing held on January 7, 2013, largely resolved the then pending investor disputes. David Gray's HCF investor dispute was resolved pursuant to the Settlement Agreement between the Grays, the HCF and RV Receivers. Resolution of the remaining Class 3 General Creditor claims will require further litigation before this and other courts.

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 proof of claim process has been concluded, each claimant's proportionate interests in the estate's assets have been established and the initial distribution remitted. The Receiver has now



turned his attention to addressing investor inquiries and addressing ministerial issues to ensure that the estate's records are updated and the estate is ready to execute the next distribution.

On July 26, 2013, the Receiver filed with the Court his latest report regarding the status of the estate, its collection efforts, recent maturities and uses of cash, including a discussion of the potential for an additional distribution in 2013. Each of the claimants were contemporaneously notified of the filing, provided instructions on how to download a copy or request a physical copy from the Receiver.

#### 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.); *INSO TEX. CIV. PRAC. & REM. CODE* §64.051. The Court should consider the reasonableness of the fees requested by both the Receiver and counsel.<sup>4</sup>

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

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

on results obtained or uncertainty of collection before the legal services have been rendered. *Arthur Andersen & Co. v. Perry Equip. Corp.*, 945 S.W.2d 812, 818 (Tex. 1997).<sup>5</sup> These factors support the award of the requested fees.

*Time, labor, skill & complexity.* By its nature, a receivership proceeding is unique and complicated. As discussed above, this receivership is particularly complicated due to its size, the assets involved, the poor record keeping of Retirement Value and the sheer number of people involved (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 Report of June 2010; the subsequent reports of April 2011, December 2011 and May 2013; and the fee applications previously filed with the Court summarize 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

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<sup>5</sup> 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.

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 operate 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 40 months on the job, the Receiver has actively managed the estate's affairs and discharged his State-Court imposed duties. All told, the Receiver has brought nearly \$25 million into the estate over the course of the Receivership Action.<sup>6</sup> He has filed a plan of distribution and made an initial distribution of approximately \$5.5 million.

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<sup>6</sup> These recoveries include (i) \$1.25 million secreted by Retirement Value's principals 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) \$290,000 in assets and \$7,000 in debt reduction 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) \$2,021,000 in approved settlements with licensees; (xi) \$2,000,000 in judgments against licensees; and (xii) \$5.5 million in approved settlements with the James Defendants.

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

*The nature and length of the professional relationship.* This factor cuts no particular way. However, neither the Receiver nor his counsel has any particular relationship with any of the parties involved in this matter. Nor is there any possibility of a future relationship with the estate. By their nature, receiverships are a one-time event. As a result, no discount would normally be appropriate. Nevertheless, this application reflects a discount of 26.6% 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 46 offices located on five 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.

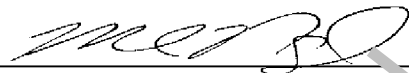
*Whether the fee is fixed or contingent.* The fees of the Receiver and his counsel are based on their hourly rates with a substantial discount. However, the payment of fees depends upon the approval of the court and the availability of assets in the estate – something which could not be known at the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

The fees requested in this application are 59% 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,

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document has been forwarded to all counsel of record herein by:

- U.S. Mail, First Class (as to Lanahan, Williams, and D'Agostino only)
- Certified Mail (return receipt requested)
- Facsimile
- Federal Express Delivery
- Hand Delivery
- Electronic Service

on this the 24<sup>th</sup> day of September 2013.

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<p>David and Elizabeth Gray  4559 E. 107<sup>th</sup> Street  Tulsa, Oklahoma 74137  (301) 512-4131  esogray72@gmail.com  <b>PRO SE THIRD PARTY DEFENDANT</b></p>	<p>Richard H. Gray  Catherine Gray  301 Main Plaza, #349  New Braunfels, Texas 78130  (210) 192-3550  legalfoodfight@yahoo.com  <b>PRO SE DEFENDANTS</b></p>
<p>Bogdan Rentea  RENTEA &amp; ASSOCIATES  505 W. 12<sup>th</sup> Street, Suite 206  Austin, Texas 78701  (512) 472-6291  (512) 472-6278  brentea@rentealaw.com  nleake@rentealaw.com  <b>COUNSEL FOR WENDY ROGERS AND THIRD PARTY  DEFENDANTS COLEMAN, GALLAGHER, FEEKEN,  GALLAGHER FINANCIAL, CASTELANO, CERVENKA,  GLOBAL DIRECT, SHIELDS, MARCO LOPEZ, REID  THORBURN, THORBURN TRUST, YOUNG, CREATIVE  WEALTH DESIGNS, CHADWICK, WOODS, DAVIDSON,  SECURED FINANCIAL STRATEGIES, LLC, AND THORBURN  FINANCIAL SERVICES</b></p>	<p>Michael W. O'Donnell  Ronald D. Smith  Ashley Senary  NORTON ROSE FULBRIGHT  300 Convent Street, Suite 2100  San Antonio, Texas 78205-3792  (210) 224-5575  (210) 270-7205 fax  mike.odonnell@nortonrosefulbright.com  ron.smith@nortonrosefulbright.com  ashley.senary@nortonrosefulbright.com</p> <p>Paul Trahan  Cristina C. Longoria  NORTON ROSE FULBRIGHT  98 San Jacinto Boulevard, Suite 1100  Austin, Texas 78701-4255  (512) 474-5201  (512) 536-4598 fax  paul.trahan@nortonrosefulbright.com  cristina.longoria@nortonrosefulbright.com  <b>COUNSEL FOR WELLS FARGO THIRD PARTY DEFENDANTS  AND WHITNEY GILES</b></p>

<p>Milton G. Hammond  LAW OFFICE OF MILTON G. HAMMOND  6406 La Manga Drive  Dallas, Texas 75248  (214) 642-0881  (972) 782-4540 fax  mghammondlaw@gmail.com  <b>COUNSEL FOR THE MARLOW INTERVENORS AND THIRD PARTY DEFENDANTS BESTE, HOSKINS AND KNOX</b></p>	<p>Merit Bennett  THE BENNETT FIRM  460 St. Michael's Drive, Suite 703  Santa Fe, New Mexico 87505  (505) 983-9834  (505) 983-9836 fax  mb@thebennettfirm.us  <b>COUNSEL FOR THIRD PARTY DEFENDANT MIKE BESTE</b></p>
<p>Robert L. Wright  ROBERT L. WRIGHT, P.C.  612 Eighth Avenue  Fort Worth, Texas 76104  (817) 850-0082  (817) 870-9101 fax  rwright@rlwpc.com  <b>COUNSEL FOR THIRD PARTY DEFENDANTS POE, RICE, SENIOR RETIREMENT PLANNERS, PACHACEK, CORNETT, PC&amp;S, NICHE INVESTMENTS, SANSING, LIGHTHOUSE, NG, FRANCO, ALTERNATIVE SOLUTIONS INSURANCE, CHICK, WESTON, SKIJUS, AND MARK SMITH</b></p>	<p>David R. Clouston  Christopher R. Richie  Leslye E. Moseley  SESSIONS FISHMAN NATHAN &amp; ISRAEL LLC  900 Jackson Street, Suite 440  Dallas, Texas 75202  (214) 741-3001  (214) 741-3055 fax  dclouston@sessions-law.biz  criche@sessions-law.biz  lmoseley@sessions-law.biz  <b>COUNSEL FOR THIRD PARTY DEFENDANTS LEVIN AND SCHROEDER</b></p>
<p>Alexander S. Roig  ALLEN &amp; ROIG, LLP  3003 N.W. Loop 410  San Antonio, Texas 78230  (210) 377-2529  (210) 240-1346 fax  allenroig@sbcglobal.net  <b>COUNSEL FOR THIRD PARTY DEFENDANT SENIOR TEXAS ESTATE PLANNING SERVICES, WILLIAM EVANS, RICHARD EVANS AND DON WISSNER</b></p>	<p>James Craig Orr, Jr.  HEYGOOD, ORR &amp; PEARSON  2331 W. Northwest Highway, 2<sup>nd</sup> Floor  Dallas, Texas 75220  (214) 237-9001  (214) 237-9002 fax  jim@hop-law.com  <b>COUNSEL FOR THIRD PARTY DEFENDANTS JAMES CRAIG ORR, JERRY NEAL ORR, JOHN REAGAN AND FREDERICK RUST</b></p>
<p>Merritt N. Spencer  STRASBURGER &amp; PRICE, LLP  720 Brazos Street, Suite 700  Austin, Texas 78701-2974  (512) 499-3600  (512) 499-3666 fax  merritt.spencer@strasburger.com  <b>ATTORNEYS FOR THIRD PARTY DEFENDANT SEARLE</b></p>	<p>Todd A. Marquardt  MARQUARDT LAW FIRM  11919 Jones Maltsberger  San Antonio, Texas 78216  (210) 320-8800  (210) 247-9396 fax  todd@marquardtlawfirm.com  <b>COUNSEL FOR THIRD PARTY DEFENDANT JAMES STRIZAK</b></p>
<p>Sam L. Hensley  P.O. Box 155  2415 Hwy 16N  Bandera, Texas 78003  (330) 796-8247  sam.hensley@sbcglobal.net  <b>PRO SE</b></p>	<p>Katie Hensley  160 Stephen Court  Kyle, Texas 78640  (512) 268-0182  Kjhensley2010@gmail.com  <b>PRO SE</b></p>

<p>Mike Ahlers  9501 Console Drive, Suite 100  San Antonio, Texas 78229  mikeahlers.marketing@gmail.com  <b>PRO SE</b></p>	<p>Jeff Mejia  2609 Gabrianna Court  Columbia, Missouri 65203  (913) 208-4884  jeffjmejia@yahoo.com  <b>PRO SE</b></p>
<p>Salvatore Magaraci  150 Broadhollow Road, Suite 312  Melville, New York 11747  eppc@optonline.net  <b>PRO SE</b></p>	<p>Benjamin Milks  Milks &amp; Milks  3718 45<sup>th</sup> Street East  Bradenton, Florida 34208  benjaminmilks@milksandmilks.net  <b>PRO SE</b></p>
<p>Estate Protection Planning Corp.  c/o A. Kirsten Gallardo, CEO  P.O. Box 1089  Huntington, New York 11743  eppc@optonline.net  <b>PRO SE</b></p>	
<p><i>Via U.S. Mail</i>  Gary J. Lenahan  P.O. Box 1685  Pineville, West Virginia 24874-1685  <b>PRO SE</b></p>	<p><i>Via U.S. Mail</i>  Andrew D'Agostino  Harvest Planning, LLC  41 Brook Street  West Sayville, New York 11796  <b>PRO SE</b></p>
<p><i>Via U.S. Mail</i>  Byron Tyghe Williams  P.O. Box 88  Mentor, Ohio 44061-0088  (440) 209-9977  <b>PRO SE</b></p>	<p>Mike Givilancz  611 6<sup>th</sup> Street  Weslaco, Texas 78596  gfinancialgroup@rgv.rr.com  <b>PRO SE</b></p>




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Michael D. Napoli

4878279.1

Unofficial copy Travis Co. District Clerk Velva L. Price

**EXHIBIT "1"**

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

STATE OF TEXAS,

Plaintiff,

v.

RETIREMENT VALUE, LLC,  
RICHARD H. "DICK" GRAY, HILL  
COUNTRY FUNDING, LLC,  
HILL COUNTRY FUNDING, and  
WENDY ROGERS,

Defendants,

AND

JAMES SETTLEMENT SERVICES, LLC  
et al.,

Third Party Defendants.

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

126<sup>th</sup> 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 Nineteenth Application for Fees by the Receiver and Receiver's Counsel (the "Application").

4. Pursuant to the Court's Order of May 5, 2010 and the Agreed Temporary Injunction Order of May 28, 2010 (the "Agreed TI"), I have employed professionals necessary "for an efficient and accurate administration of the receivership estate." To this goal, I have retained the law 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 Exhibits A, and B are copies of Cox Smith's invoice #405369, and #406209 respectively (the "CSM Invoices"). The CSM Invoices detail the services performed, during the months of July & August 2013, by: (a) me, 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 Exhibit C is a copy of K&L Gates' invoices #2806997, (the "K&L Invoice" and collectively with the CSM Invoice, the "Invoices"). The K&L Invoice details the services performed by K&L Gates as Receiver's counsel on e-data services during July 2013. At the end of the 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 26.6% 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 has 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 \$9,476.80. In the aggregate, the discounts and write-offs associated with this Application amount to \$31,847.69. The chart below summarizes the fees charged and the discounts applied

<b>Invoice Summary</b>			
Services Rendered in:	Jul-13	Aug-13	Total
Fees Requested			
CSM	\$41,929.47	\$45,549.57	\$87,479.04
KLG E-data	\$513.14		\$513.14
<b>Total</b>	<b>\$42,442.61</b>	<b>\$45,549.57</b>	<b>\$87,992.18</b>
Receiver Incurred	\$44,396.00	\$22,484.00	\$66,880.00
Receiver Billed	\$32,288.00	\$16,352.00	\$48,640.00
Receiver adj	(\$12,108.00)	(\$6,132.00)	(\$18,240.00)
All other Tkpr Incurred	\$15,252.56	\$37,707.31	\$52,959.87
All other Tkpr Billed	\$10,154.61	\$29,197.57	\$39,352.18
(9.5%) adj.	(\$1,065.95)	(\$3,064.94)	(\$4,130.89)
Write-offs	(\$4,032.00)	(\$5,444.80)	(\$9,476.80)
<b>Total Adj</b>	<b>(\$17,205.95)</b>	<b>(\$14,641.74)</b>	<b>(\$31,847.69)</b>

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 operate 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 \$ 8,640.00. The amount billed for my counsel's professional services during the period covered



by this application is \$39,352.18. 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 the periods covered by Fee Application #19 are reasonable.

12. I have reviewed Cox Smith's invoices for services rendered during the periods covered by Fee Application #19. 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.

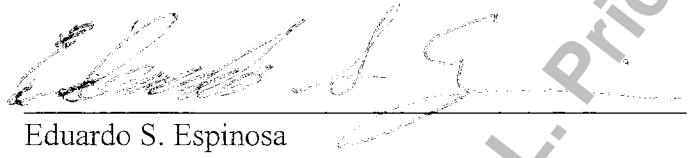
13. I have reviewed K&L Gates' invoice for services rendered during the periods covered by Fee Application #19. Based on my experience and knowledge of this matter, the work performed by K&L Gates during that period was reasonable and necessary to properly allow me to fulfill my duties and responsibilities in this case.

14. The fees requested in this application are 59% 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.

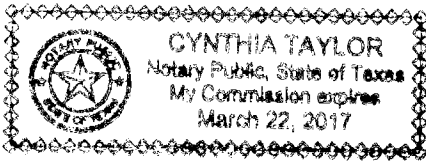
15. I engaged Lewis & Ellis to model the consolidated RV/HCF portfolio and advise the estate as to appropriate premium reserve levels and the portfolio's expected net cash at maturity. Lewis & Ellis determined that premium reserves of \$17,414,248 should suffice for 97.5% of the potential outcomes. After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

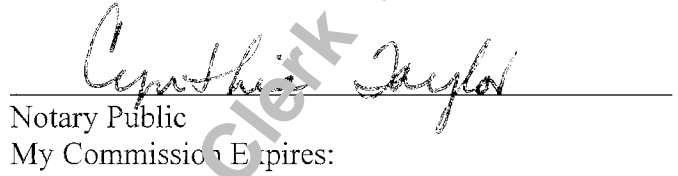
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FURTHER AFFIANT SAYETH NOT.

  
Eduardo S. Espinosa

SUBSCRIBED AND SWORN TO BEFORE ME this 24<sup>th</sup> day of September 2013.



  
Notary Public  
My Commission Expires:

Unofficial copy Travis Co. District Clerk Velva L. Price

Unofficial copy Travis Co. District Clerk Velva L. Price

**EXHIBIT "A"**

# COX | SMITH

ATTORNEYS

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

August 13, 2013  
**Invoice No. 405369**

Legal Services Through 07/31/2013 in Connection With

**Counsel for Receiver of Retirement Value, LLC**

**Matter 034617.000001**

07/01/13	E. Espinosa	6.20	1,984.00	Telephone conference with A. Williams of BKD (0.1); telephone conference with A. Romitelli of LTC regarding Kelly's transfer instructions (0.2); telephone conference with P. Maule of ASG (0.1); draft Receiver's Report (2.8); review Quickbooks financial reports (2.4); transfer July premiums to ASG (0.2); correspond with R. Rabe regarding 304 May St. (0.1); attend to J. Kelly's transfer instructions and update records accordingly (0.3).
07/02/13	E. Espinosa	7.60	2,432.00	Review financials and analyze sources and uses of cash (7.4); correspond with A. Williams of BKD regarding Quickbooks updates (0.2).
07/02/13	M. Napoli	4.00	1,792.00	Prepare report for investors (4.0).
07/02/13	D. Andreacchi	0.10	16.74	Update master mailing list per email from E. Espinosa.
07/03/13	E. Espinosa	1.30	416.00	Telephone conference with A. Arnold regarding 2013 premium projections (0.1); correspond with G. Garoutte regarding transfer to Oregon City Church (0.3); analyze cash source and uses (0.8); confer with J. Thomas regarding preparation (0.1).
07/03/13	M. Napoli	3.70	1,657.60	Prepare report to investors (3.0); telephone conference with D. Horowitz (0.4); confer with E. Espinosa regarding report (0.3).

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

# COX | SMITH

August 13, 2013  
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07/05/13	E. Espinosa	0.30	96.00	Correspond with J. George and J. McConnell (0.3).
07/06/13	E. Espinosa	1.20	384.00	Correspond with J. George, J. McConnell and J. Thomas and review RV and Wells Fargo's records and e-mails (1.2).
07/08/13	E. Espinosa	0.00	.00	(NO CHARGE) Return travel from Austin.
07/08/13	E. Espinosa	4.00	1,280.00	Witness preparation (4.0).
07/09/13	E. Espinosa	5.70	1,824.00	Telephone conference with M. Kaye (0.2); review and revise receiver's affidavit in support of motion for summary judgment regarding deemed admitting defendants (2.4); review Ex. 3 and reconcile with claim schedule (0.6); confer with J. George regarding MWM life expectancy (0.4); testimony preparation (2.1).
07/09/13	M. Napoli	1.90	351.20	E-mail correspondence with J. Thomas (0.1); review correspondence from Court of Appeals regarding motion for summary judgment appeal (0.1); telephone conference with N. Laurent (0.2); respond to factual inquiry from J. Thomas (0.8); telephone conference with R. Sanchez (0.1); confer with E. Espinosa regarding affidavit for receiver's motion for summary judgment regarding licensees (0.3); e-mail correspondence regarding lkey payment (0.1); e-mail correspondence with J. Thomas (0.2).
07/10/13	E. Espinosa	4.00	1,280.00	Prepare instruction regarding July 8 deposit and telephone conference with A. Williams of BKD regarding same (0.4); confer with J. McConnell regarding WF deposits (0.2); telephone conference with A. Williams of BKD (0.2); review May 31 report and prior reports (3.2).
07/10/13	M. Napoli	0.50	224.00	E-mail to M. Storm regarding distribution to Cain & Edelstein (0.1); e-mail correspondence with T. Lucio regarding distribution (0.2); e-mail correspondence with J. Thompson (GBKH) regarding documents (0.2).

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07/10/13	D. Andreacchi	0.30	50.23	Prepare and send transmittal letter to J. Murdock re change of ownership form.
07/11/13	E. Espinosa	6.00	1,920.00	Preparation for arbitration (6.0).
07/11/13	M. Napoli	1.00	448.00	Review receiver's motion for summary judgment regarding licensees (0.3); revise receiver's report to investors (0.5); confer with E. Espinosa regarding report (0.2).
07/12/13	E. Espinosa	6.30	2,016.00	Correspond with J. George and J. McConnell (0.3); preparation for arbitration (6.0).
07/12/13	M. Napoli	3.30	1,478.40	Continuing revisions to receiver's May 31 report (3.3).
07/13/13	E. Espinosa	0.00	.00	(NO CHARGE) Travel from Dallas to Austin.
07/14/13	E. Espinosa	7.20	2,304.00	Preparation for meeting with J. George, J. Thomas, J. Mortenson and J. McConnell (5.2); meeting with J. George, J. Thomas J. Mortenson and J. McConnell (2.0).
07/15/13	E. Espinosa	11.00	3,520.00	Arbitration preparation (2.5); attend and testify at Wells Fargo arbitration (8.5).
07/16/13	E. Espinosa	9.00	2,880.00	Attend and testify at Wells Fargo arbitration (9.0).
07/16/13	E. Espinosa	0.00	.00	(NO CHARGE) Return travel from Austin to Dallas.
07/17/13	E. Espinosa	3.40	1,088.00	Correspond with M. Martin regarding Ms. Libbey (0.2); review licensee compensation and address settlement offer from J. Orr (0.4); research Sundance Printers and compile vendor history (0.8); update Schedule of Claims (1.7); confer with M. Napoli regarding Wells Fargo arbitration (0.3).
07/17/13	D. Andreacchi	0.50	83.72	Update communications re recent phone calls from investors and research required answers.

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07/18/13	E. Espinosa	4.00	1,280.00	Telephone conference with D. Jones (0.3); telephone conference with M. Kaye (0.2); correspond with EKO regarding Texas Franchise Tax (0.4); review policy premiums workbook (0.8); draft report (2.3).
07/18/13	D. Andreacchi	1.00	167.43	Telephone calls with investors and update communications log.
07/19/13	E. Espinosa	5.40	1,728.00	Telephone conference with S. E. Barnes regarding R. Yates (0.7); review and refine May 31 report (4.2); draft correspondence with Ms. Barnes (0.5).
07/19/13	M. Napoli	0.10	44.80	E-mail correspondence with B. Rentea regarding distribution (0.1).
07/19/13	D. Andreacchi	0.70	117.20	Phone calls with investors and update communications log.
07/22/13	E. Espinosa	1.10	152.00	Telephone conference with R. Fahey (0.2); telephone conference with R. Hernandez (0.1); correspond with J. McConnell regarding A. Dean (0.1); attend to R. Foreman bankruptcy pleadings (0.1); attend to Orr's offer (0.2); attend to David Gray (0.3); correspond with D. Andreacchi regarding call log (0.1).
07/22/13	M. Napoli	0.30	134.40	Research investor file for A. Dean (0.2); confer with E. Espinosa regarding D. Gray settlement negotiations (0.1).
07/23/13	E. Espinosa	4.40	1,408.00	Draft Notice of Filing for Report and Schedule of Claims (0.3); attend to correspondence from R. James (0.2); telephone conference with M. Adams (0.1); review and reconcile report, schedule of claims and exhibits (3.8).
07/23/13	D. Andreacchi	0.20	33.49	Update communications log and mailing list.
07/24/13	E. Espinosa	0.90	288.00	Telephone conference with J. Thomas.
07/24/13	M. Napoli	1.00	448.00	Telephone conference with J. Thomas and E. Espinosa (0.9); e-mail correspondence with J. Thomas regarding JSS (0.1).

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07/24/13	D. Andreacchi	0.90	150.69	Return calls to investors; email ESE for assistance with T. O'Rourke's questions.
07/25/13	E. Espinosa	5.10	1,632.00	Telephone conference with G. Weisbart, M. Adams and M. Napoli (0.5); reconcile and revise proof of claim schedule (3.2); finalize report (1.2); finalize notice of filings (0.4); draft notice to investors regarding receiver's report (0.4).
07/25/13	M. Napoli	0.50	224.00	Telephone conference with G. Weisbart and M. Sturm (0.5).
07/25/13	D. Andreacchi	0.30	50.23	Return calls to investors.
07/26/13	E. Espinosa	0.70	224.00	Update website (0.4); confer with D. Andreacchi regarding correspondence with investors (0.3).
07/26/13	D. Andreacchi	3.90	652.98	Prepare draft transmittal letter to investors re receiver's report; compare mailing list to schedule of claims to ensure accuracy of mailing.
07/29/13	E. Espinosa	1.50	480.00	Consult with D. Andreacchi regarding reconciliation of mail database and claim schedule (0.4); telephone conference with C. Waring regarding C. Neal Noble (0.6); correspond with A. Arnold (ASG) regarding LFG311 (0.4); attend to Orr settlement (0.1).
07/29/13	D. Andreacchi	2.50	418.58	Confer with E. Espinosa re addresses for mailing; prepare mail merge documents; coordinate with Digital Litigation re mailing.
07/30/13	E. Espinosa	1.80	576.00	Correspond with A. Arnold (ASG) regarding LFG311 (0.2); E mail and telephone conference with J. McConnell (1.2); confer with J. Thomas regarding J. Rash (0.2); various discussions regarding collecting on default judgments (0.2).
07/30/13	M. Napoli	0.40	179.20	Telephone conference with J. Thomas (0.2); e mail correspondence with R. Wright (0.1); e mail correspondence with B. DeLeon (0.1).

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07/31/13	E. Espinosa	2.80	896.00	Telephone conference with E. Garrett and attend to R. James account receivable (0.7); confer with D. Andreacchi regarding J. Hodges (0.4); transfer August premiums and correspondence with A. Arnold (ASG) and A. Williams (BKD) regarding same (0.4); confer with A. Williams of BKD regarding accounts payable (0.3); attend to collection issues (0.4); attend to settlements (0.2); respond to investor inquiries (0.4).
07/31/13	D. Andreacchi	2.50	418.58	Returned investor calls requesting updates; review and respond to emails received from investors; print and mail copy of 5/31/13 Report to S. North, R. Wright and R. Mann; confer with E. Espinosa re status of J. Hodges' account and return call re same; update communications log re calls and emails.

Total Hours	130.50
Total Fees	\$ 41,929.47

### Professional Summary

Professional	Title	Hours Worked	Hourly Rate	Total Fees
E. Espinosa	Shareholder	100.90	320.00	32,288.00
M. Napoli	Shareholder	16.70	448.00	7,481.60
D. Andreacchi	Paralegal	12.90	167.43	2,159.87
Total All Professionals		130.50	\$ 321.30	\$ 41,929.47

**Total This Invoice** **\$ 41,929.47**

Unofficial copy Travis Co District Court Case No. 2013-0001-Price

Unofficial copy Travis Co. District Clerk Velva L. Price

**EXHIBIT "B"**

# COX | SMITH

ATTORNEYS

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

September 09, 2013  
Invoice No. 406209

Legal Services Through 08/31/2013 in Connection With

**Counsel for Receiver of Retirement Value, LLC**

**Matter 034617.000001**

08/01/13	E. Espinosa	2.70	864.00	Confer w/ G.Quinones & D.Andreacchi re website, updates & report (1.1) Respond to inquiry from J.Rutherford re Didion Trust (.6); T/C w/ K.Hensley (investor) (.4), Confer w. T.Reeve (investor) & transmit copy of the report (.2); Confer w, D.Andreacchi re A. Cooper (.3); Attend to Default judgment (.2); Confer w/ GBKH re form of Financial Statements (.2)
08/01/13	D. Andreacchi	1.20	400.92	Confer with E. Espinosa re website issues; respond to emails re no report on website; telephone call with M. Cushmanick re one or two claims and division between he and his ex wife; send copy of report to J. D'Angelo; return calls to investors.
08/02/13	E. Espinosa	3.00	960.00	Respond to Didion Trust Inquiry (.4) Confer w/ D.Andreacchi & G.Quinones re website, updates & Report (1.1); T/C w. K.Hensley (investor)(.4); T/C w/ T.Reeve; transmit copy of the Report (.2); Confer w/ D.Andreacchi re A.Cooper (investor)(.2); Correspond with David & Elizabeth Gray regarding settlement efforts and financial disclosures (.6)
08/02/13	M. Napoli	0.60	268.80	Confer with E. Espinosa regarding David Gray (0.3); e mail correspondence with M. Storm (0.1); review report from asset tracing firm (0.2).
08/02/13	D. Andreacchi	3.90	652.98	Return numerous calls to investors; mail reports per multiple requests.

REMIT TO: COX SMITH MATTHEWS INCORPORATED  
112 East Pecan Street | Suite1800  
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

# COX | SMITH

September 09, 2013  
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Date	Client	Hours	Amount	Description
08/05/13	E. Espinosa	4.40	1,408.00	Review corresp from R.Matamoros(investor)(.2); Draft updates for website (1.2); Correct w. C.Bishop (investor) re status update (.3) Research M.Kremer's checks for payment and queue reissuance (.5); Confer w/ D.Andreacchi re licensees named in lawsuit (.2); Correct w. A.Williams (BKD) re address changes (.2); Update Estate recovery schedule to reflect July receipts, attend to A/R accrual (1.8)
08/05/13	D. Andreacchi	3.00	502.29	Update communications log re investors with no Internet access; multiple telephone calls with investors; mail reports per requests; email E. Espinosa re uncashed distribution check for M. Kremer; email address changes to A. Williams.
08/06/13	E. Espinosa	3.10	992.00	T/C w/ A.Williams Re conversion of Razor from A/R to default Judgment, reconciliation of other defaults and Other QB matters (.4); Deposit July month end collections at Chase, transmit evidence of same to BKD and record collections in Schedule (.8); Draft response (Spanish) to E.Veilman (.5); Revise draft response to Ms. Wilkshire (investor) (.4); Review correspond w/ T.Perrucca (investor) (.1); Review correspond w/ S.Peters (investors)(.1); Confer w/ G.Quinones re website updates (.2); correspond w/ A.Williams re James July 31 remittance (.3); Research check to M.Bodnar, stop payment, queue for reissuance (.3)
08/06/13	D. Andreacchi	4.20	703.21	Multiple phone calls with investors; respond to emails; mail out requested copies of reports.
08/07/13	E. Espinosa	1.60	512.00	Confer w/ D.Andreacchi re status of investor responses (.2); T/c w/M.Kaye (investor)(.5); T/c w/ Cain intervenors re cash management issues. (.9)

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08/07/13	M. Napoli	1.10	492.80	Telephone conference with G. Weisbart, T. Quinlin and E. Espinosa (.9); e mail correspondence with N. Laurent regarding motion to withdraw (0.1); review and execute agreed motion to withdraw (0.2).
08/07/13	D. Andreacchi	1.00	167.43	Respond to investor calls.
08/08/13	E. Espinosa	1.70	544.00	Review ASG, BKD & L&E invoices; draft 13th Fee Application for professional fees (1.6)
08/08/13	M. Napoli	0.00	.00	(NO CHARGE) E-mail correspondence with J. Thomas regarding Roger's settlement for sale of house (0.2).
08/08/13	D. Andreacchi	1.50	251.15	Respond to investor calls.
08/09/13	E. Espinosa	1.70	544.00	T/C w/ M.Kaye (.4); T/C w/ T.Smith re status report(.1); Review CSM & K&L invoices, draft 18th Fee application (.9); T/C w. D.Horowitz (.2); T/C w/ J.Thomas (.2)
08/09/13	D. Andreacchi	1.61	267.89	Return phone calls; deliver copies of May 31, 2013 report per requests.
08/12/13	E. Espinosa	0.70	224.00	Draft affidavit in Support of 18th Fee App (.4); T/C L.Velstra (.3)
08/13/13	E. Espinosa	0.90	288.00	Confer w/ J.Thomas re Rogers (.1); T/C w/ S.Sylla (investor) (.4); Corresp w/ A.Williams (BKD) re bank statement and QBB update (.3); Confer w/ M.Napoli re Intervenor's Fee App (.1).
08/13/13	M. Napoli	1.40	627.20	Review Cain Intervenor's fee application (0.7); e mail correspondence with E. Espinosa regarding fee application (0.2); research regarding commercial paper concept presented by QVest (0.4); e mail correspondence with M. Dredlan and E. Espinosa regarding Intervenor's fee application (0.1).
08/14/13	M. Napoli	5.30	2,374.40	Telephone conference with J. Thomas (0.5); prepare response to Cain Intervenor's fee application (4.5); e mail correspondence with M. Martin regarding Cain fee application (0.2); e mail correspondence with G. Weisbart (0.1).

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08/14/13	A. Bouressa	0.00	.00	(NO CHARGE) Conference with M. Napoli regarding research on recoverable fees.
08/14/13	D. Andreacchi	2.20	368.35	Return investor phone calls; email E. Espinosa with questions; mail requested reports; update communications log and mailing list.
08/15/13	M. Napoli	5.20	2,329.60	Telephone conference with H. Ackels (0.2); e-mail correspondence with E. Espinosa regarding potential assignment of claims to Milkie (0.1); prepare response to Cain Intervenor's fee application (4.5); telephone conference with M. Storm (0.1); telephone conference with H. Ackels(0.1); e-mail correspondence with intervenor counsel regarding Cain fee application (.2).
08/16/13	E. Espinosa	0.60	92.00	Corresp /w A.Williams re A/P (.3); Corresp w/ I.Antongiorgi re Cushmanick's assignment of claims (.3)
08/16/13	M. Napoli	4.30	1,926.40	Conference with E. Espinosa regarding Cain fee application (0.4); telephone conference with G. Weisbart (0.4); prepare response to Cain fee application (3.5).
08/16/13	A. Bouressa	0.30	80.09	Review Cain Intervenor's Application for Fees.
08/19/13	E. Espinosa	1.70	544.00	Confer w/ G.Quinones re website updates (.2); attend to corresp from Copper Bottom SA and J.Birch (K&L) (.3); Review Mtn for Fees from B.Rentea (.2); T/C w/ J.Thomas and M.Napoli (.4); Corresp w/ I.Antongiorgi re Cushmanick (.2); Corresp w/ R.Adame (K&L) (.2); Corresp w/ A.Williams re A/P (.2)

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08/19/13	M. Napoli	1.90	851.20	Review proposed notice regarding fees from Rentea (0.1); telephone conference with J. Thomas and E. Espinosa (0.4); e mail correspondence with M. Martin regarding Rentea motion (0.1); conference with A. Bouressa regarding response to fee applications (0.1); prepare response to fee applications (1.2).
08/19/13	A. Bouressa	3.60	961.13	Review Cain Intervenor's cited legal authorities (2.5); conference with M. Napoli regarding recoverable fees (.1); research on recoverable fees (.8); email cases to M. Napoli regarding defendant's fees generally not recoverable, and cite specific language (.2).
08/20/13	E. Espinosa	1.90	603.00	Corresp & T/C w/ D. & E. Gray (1.1); Review notes re Intervenor's & Certain 3rd party Defendants Motion for fees and confer w/ Napoli (.4); Corresp w. J.Mortensen (.1); Confer with AWilliams (BKD) re A/P (.3);
08/20/13	M. Napoli	5.80	2,598.40	Telephone conference with M. Martin regarding fee applications (0.4); conference with E. Espinosa regarding fee applications (0.3); prepare response to Rentea fee application (3.5); prepare response to Cain fee application (1.0); conference with A. Bouressa regarding legal research regarding fee applications (0.5); conference with E. Espinosa regarding Gray settlement discussions (0.1).
08/20/13	A. Bouressa	6.10	1,628.58	Review Motion for Leave to File Motion and Fees (.2); research and review cases regarding fee recovery (3.8); began preparation of argument section for response to fee motion.
08/21/13	E. Espinosa	3.40	1,088.00	Correspondence from Fielder, Otto, Walcheff, Copper Bottom & Matamoros (investors) (1.6); Correspond with D.Gray (1.4); Attend to A/P and update issue log (.4)

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08/21/13	M. Napoli	3.70	1,657.60	Prepare response to Cain fee application (3.0); review and comment on settlement communication from Gray (0.2); prepare response to Rentea fee application (0.5).
08/21/13	A. Bouressa	2.60	694.15	Continue research and review of cases regarding fee recovery in receiverships (1.4); supplement briefing regarding defendant's fee recovery (.8); supplement briefing regarding limits on compensable fees, i.e., reasonableness and necessity (.4).
08/21/13	D. Andreacchi	1.00	167.43	Respond to emails and update communications log and mailing list.
08/22/13	E. Espinosa	2.80	896.00	Corresp w/ I.Antongiorgi & E.Gray re settlement (.3); T/C re same (.3) Draft Settlement Agreement (1.4); Confer w/ D.Andreacchi re contacting "returned mail" investors (.2); T/C w/ D.Taylor, I.Antongiorgi & M.Napoleon re Cain Intervenor's Fee Application (.4); T/C w/ J.McConnell (2).
08/22/13	M. Napoli	2.00	2,240.00	E mail correspondence with M. Martin regarding Rentea fee application (0.1); prepare response to Cain fee application (4.5); telephone conference with D. Taylor and E. Espinosa (0.4).
08/22/13	A. Bouressa	0.90	240.28	Review Response to Rentea Licensees' Motion for Leave, Motion for Fees and supplement with additional authority (.3); supplement briefing for response to Cain Intervenor Fee Application (.3); review fee invoices in connection with response to Fee Application (.3).
08/22/13	D. Andreacchi	2.90	485.55	Return phone calls, update communications and mailing lists and deliver copies of the May 31 report as requested; research phone and/or email addresses for return mail and contact investors for correct mailing information.
08/23/13	M. Dietz	0.00	.00	(NO CHARGE) Telephone call with M. Napoli regarding Weisbart fee application and hearing Monday, August 26; review and revise response.

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08/23/13	E. Espinosa	3.40	1,088.00	T/C w/ investors: J.Holtzclaw (.5) & C.Bishop (.6); Revise Gray settlement & recirculate (.3); Review Draft Response to Cain Intervenor's Mtr to Fees (.6); Confer w/ M. Napoli re same (.4); T/C w/ J. Thomas re same (.5); Corresp w. J.Frisius re Oregon County Evangelical Church (.3); Corresp w/ D.Andreacchi & AWilliams re investor updates. (.2)
08/23/13	M. Napoli	4.20	1,881.60	Prepare for hearing on Cain fee application (2.5); e mail correspondence with G. Weisbart regarding fee application (0.2); telephone conference with J. Thomas (0.5); telephone conference with P. Wright (0.3); numerous conferences with E. Espinosa regarding Cain fees (0.4); telephone conference with M. Dietz (0.2).
08/23/13	D. Andreacchi	0.00	.00	(NO CHARGE) Update communications log.
08/25/13	E. Espinosa	0.50	256.00	Corresp w/ D. & E. Gray; revise settlement agreement and recirculate clean and red lines (.6) Confer w/ M.Napoli re Intervenor's Fee App (.2)
08/25/13	M. Napoli	0.50	224.00	Negotiate agreed order regarding Cain fee application (0.5).
08/26/13	E. Espinosa	0.00	.00	(NO CHARGE) Travel to Austin (3.8)
08/26/13	E. Espinosa	4.30	1,376.00	Hearing (1.4); Funds Management conference with G.Weisbart, M.Adams, T.Quinlan (investor), M.Napoli (1.5); Confer w/ K.Neely re banking regs, contacts, rates & FDIC insurance (12 CFR 330).(0.5); Review T.Quinlan's commercial paper memo (0.3); attend to A/P (Intervenors Fee App). (.3); Attend to Gray's settlement (.3);
08/26/13	M. Napoli	0.00	.00	(NO CHARGE) Travel to Austin (3.0).

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Date	Attorney	Hours	Amount	Description
08/26/13	M. Napoli	4.10	1,836.80	Attend hearing on Cain fee application (1.4); review memo from T. Quinlin regarding cash management (0.3); meet with G. Weisbart, M. Storm, E. Espinosa and T. Quinlin (by phone) (1.5); prepare motion to approve David and Elizabeth Gray settlement (0.6); telephone conference with R. Skinner regarding motion to retain in Comal suit (0.2); review and revise motion to retain (0.1).
08/26/13	K. Neeley	0.50	214.94	Conference with E. Espinosa regarding FDIC insurance on fiduciary accounts; emailed regulations; discussed alternative depositories.
08/26/13	R. Skinner	0.00	.00	(NO CHARGE) Coordinate with M. Napoli on attending hearing for Motion to Retain (.1).
08/26/13	A. Bouressa	1.50	400.47	Review notice of dismissal hearing (.1); Conference with M. Napoli regarding Motion to Retain and necessity of appearance at hearing (.2); preparation of Motion to Retain (1.0); review filing and service confirmations (.1); communicate with court confirming notice of hearing and necessity of appearance (.1).
08/26/13	D. Andreacchi	0.00	.00	(NO CHARGE) Update communications log and mailing list.
08/27/13	E. Espinosa	0.00	.00	(NO CHARGE) Travel to Dallas (3.0)
08/27/13	E. Espinosa	2.00	640.00	Research bank rates and 12 CFR 330 (1.6) Review Motion to Approve Settlement Agreement with D. & E. Gray (.2) Attend to D. Gray Settlement (.2)
08/27/13	M. Napoli	0.00	.00	(NO CHARGE) Return travel to Dallas (3.0).
08/27/13	M. Napoli	0.50	224.00	Revise motion to approve D. Gray settlement (0.3); telephone conference with R. Skinner regarding retention hearing in David Gray matter (0.2).
08/27/13	R. Skinner	1.50	291.87	Prepare for hearing on Motion to Retain by coordinating with M. Cole, reviewing documents, drafting an Order to Retain Case. (1.5)

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Date	Attorney	Hours	Amount	Description
08/27/13	D. Andreacchi	1.00	167.43	Return investor calls; email E. Espinosa re B. Stanford check; update communications log and mailing list.
08/28/13	E. Espinosa	3.60	1,152.00	Review correspondence w/ TC & D. Callendar (investor) (.1); Review settlements statements (.4); Corresp w/ E. Garnett re same & sale of 320 Meadow Park (.3); Research disbursement check to B. Stanford (.4); Review RV's 2012 1120 & 1120S (0.8), authorize filing of same by BKD (.2); forward 2012 K1 to W. Rogers (.2) Review Ct filings submitted today (.2); Analyze Intervenor's objections (.6); Corresp w/ P. Maule @ ASG (.2); Corresp w/ A. Williams @ BKD (.2)
08/28/13	M. Napoli	0.90	403.20	Review Cain Intervenor's objection to fee application (0.3); e mail correspondence with R. Skinner regarding retention hearing (0.1); prepare certification of no objections regarding 13th fee application (0.3); prepare notice of deadline to object to D. Gray settlement (0.2).
08/28/13	R. Skinner	3.50	681.03	Prepare for hearing on Motion to Retain (.3); travel to and from hearing on same (1.5); attend hearing on same (1.7).
08/28/13	D. Andreacchi	0.00	.00	(NO CHARGE) Return calls & update logs
08/29/13	E. Espinosa	5.10	1,632.00	Update & reconcile Receiver Recovery Log to the estate (1.2); Address settlement defaults and recording judgment (.4) Attend to A/P (2.1); Transfer Sept Premiums to ASG and update premium tracking spreadsheet(.6); Corresp w. A. Williams @ BKD re QB entries (.4); T/C w/ j. Lee @ Lewis & Ellis (.2); T/C w/ M. Adams re Intervenor's Objections (.2)
08/29/13	M. Napoli	0.30	134.40	Prepare order regarding 18th fee application (0.2); e mail correspondence with J. Thomas regarding B. Cervenka settlement payments (0.1).

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08/30/13 E. Espinosa 1.70 544.00 T/C w/ AOW re BKD A/P (.4); Research deposit rates (.3); Correspond w/ S.Gibson (L&E)(.2); Review correct from Chase Bank (.3); Corresp with A.Williams re forthcoming McDermott payment and corresponding A/P (.2); Review Cervenka's settlement and confer with J.Thomas re same (.3)

Total Hours 139.90

Total Fees \$ 45,549.57

## Professional Summary

Professional	Title	Hours Worked	Hourly Rate	Total Fees
E. Espinosa	Shareholder	51.10	320.00	16,352.00
M. Napoli	Shareholder	44.80	448.00	20,070.40
K. Neeley	Of Counsel	.50	429.88	214.94
R. Skinner	Associate	5.00	194.58	972.90
A. Bouressa	Senior Counsel	15.00	266.98	4,004.70
D. Andreacchi	Paralegal	23.50	167.43	3,934.63
Total All Professionals		139.90	\$ 325.59	\$ 45,549.57

**Total This Invoice \$ 45,549.57**

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**EXHIBIT "C"**



K&L GATES LLP  
925 FOURTH AVENUE  
SUITE 2900  
SEATTLE, WA 98104-1158  
T 206.623.7580 F 206.623.7022 klgates.com  
Tax ID No. 25 0921018

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

Invoice Date : August 7, 2013  
Invoice Number : 2805907  
Services Through : July 31, 2013  
Our File Number : 1203981

**INVOICE SUMMARY BY MATTER**

State of Texas vs Retirement Value LLC, et. al. - e-DAT Fees  
(70001)

Fees	\$ <u>513.14</u>	
<b>Total Amount Due This Matter</b>		<b>\$ 513.14</b>
<b>CURRENT INVOICE DUE - All Matters</b>		<b>\$ <u>513.14</u></b>

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.

State of Texas vs Retirement Value LLC, et. al. - e-DAT Fees  
(70001)

\$513.14

**FEES**

DATE	NAME	HOURS	DESCRIPTION	AMOUNT
07/01/13	J. R. Sanchez	1.00	Perform database queries in Ringtail; compile and allocate results into binders in preparation for review per the request of George and Brothers	190.05
07/02/13	J. R. Sanchez	0.50	Perform database queries in Ringtail; compile and allocate results into binders in preparation for review per the request of George and Brothers	95.03
07/03/13	J. R. Sanchez	1.20	Prepare, organize, stage, and load documents into Ringtail per the request of George and Brothers and Cox Smith	228.06
TOTAL FEES			2.70 hrs	\$ <u>513.14</u>

**TIMEKEEPER SUMMARY**

J. R. Sanchez	2.70 hrs at	\$ 190.05 / hr	<u>513.14</u>
TOTAL FEES		2.70 hrs	\$ <u>513.14</u>

**MATTER SUMMARY**

Fees	\$ <u>513.14</u>
<b>MATTER TOTAL</b>	<b>\$ <u>513.14</u></b>

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