

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

126th JUDICIAL DISTRICT

**RECEIVER'S FIFTEENTH MOTION FOR
APPROVAL OF PAYMENT OF PROFESSIONALS**

Eduardo S. Espinosa, court-appointed temporary receiver for Retirement Value, LLC, moves this Court for approval of his planned payment of fees for various professionals other than himself and his counsel.

THE RECEIVER

At the request of the Deputy Securities Commissioner of Texas, John Morgan, Plaintiff State of Texas (the "State") filed an Original Verified Petition and Application for Ex Parte Temporary Restraining Order, Temporary and Permanent Injunctions, Restitution, Disgorgement, and Appointment of Receiver (the "Petition"). In its Petition, the State alleged that the Defendants engaged in the sale of unregistered securities, fraud in the sale of securities and violations of the Texas Deceptive Trade Practices Act. For relief, the State asked the Court

to issue a Temporary Restraining Order and, thereafter, Temporary and Permanent Injunctions against Defendants Retirement Value, LLC, Richard H. “Dick” Gray, and Bruce Collins (“Collins”). In addition, the State requested that the Court appoint Eduardo S. Espinosa as receiver for Retirement Value, LLC.

The Court issued the Agreed Temporary Injunction Order against Defendants Retirement Value and Richard H. “Dick” Gray and the Relief Defendant and Order Appointing Receiver (the “Agreed TI”) on May 28, 2010. In the Agreed TI, the Court continued the appointment of Mr. Espinosa as receiver for Defendant Retirement Value. As receiver, Mr. Espinosa is charged with, among other things, collecting and preserving the assets of Retirement Value for the ultimate purpose of effecting fair restitution, if necessary and/or possible, to the victims of the alleged fraud committed by Retirement Value.

Pursuant to the Agreed TI, the Receiver is to submit to the Court and the parties of record a request for payment of expenses related to professionals. If no objection is filed with the Court within 10 days of filing, then the Receiver can pay the expenses without further order of the Court. Agreed TI at 15.

RETENTION OF PROFESSIONALS

In addition to his counsel at Cox Smith Matthews, Incorporated, the Receiver has retained the following professionals to assist in the management of the estate for which he seeks authority to pay:

- The Asset Servicing Group to (i) act as portfolio managers; (ii) advise the Receiver as to the policies’ value and viability; and (iii) provide industry and asset management expertise.
- Lewis & Ellis, Inc. to act as actuarial consultants and provide actuarial analyses of the estate’s policies.

- BKD, LLP to act as accountants; maintain and analyze the books and records of Retirement Value and of the Receiver; provide tax advice and return preparation services; and advise regarding accounting standards, practices and procedures.

The assistance of these professionals is necessary to the effective management of the receivership estate and to maximize the recovery available for the investor victims.

I. Asset Servicing Group

The Receiver has retained the Asset Servicing Group (“ASG”) to act as portfolio manager for the 51 (originally 54) policies of life insurance owned by Retirement Value. ASG’s fees represent ASG’s monthly servicing fee as well as fees and expenses related to optimization of premiums, and the collection of the insureds’ updated health information. In addition, ASG provided expert and consulting services in connection with the due diligence efforts associated with evaluating alternative plans of distribution. ASG’s fees for services rendered between Nov. 2013 and February 2014 are \$15,686.43. Copies of ASG’s Invoice numbers #1218, #1246, #1271, and #1298 in the amounts of \$3,890.28, \$3,890.28, \$3,945.36 and \$3,960.51, respectively, are attached as **Exhibit A**.

The services that ASG provides include Policy Administration (payment of premiums, correspondence with insurers), Death Tracking, Claims Processing, Verification of Policies, Premium Optimization and Policy Valuation. These services are essential to the proper maintenance and management of the portfolio.

II. BKD, LLP

The Receiver has retained BKD, LLP to provide accounting services for the estate. BKD maintains the receivership’s books, and restated Retirement Value’s books to more accurately reflect the company’s true financial condition. This requires reconciliation of multiple accounts (policy account, balance sheet account, accounts receivable account and customer and vendor accounts) and payment of monthly accounts payable. The Receiver has also entered into a

separate agreement with BKD to provide the estate with tax services. BKD's hourly rates for tax services range from \$130/hour for staff to \$365/hour for partner time. In this instance BKD has agreed to (i) cap its partners' billing rate @ \$325/hour; and (ii) set a target-blended rate of \$225. BKD prepared the Federal Income Tax return for the year ended December 31, 2013; prepared the Texas Franchise return, and maintained and updated investor contact information. BKD's fees for services rendered from October 2013 through February 2014 are \$18,595.90. Copies of BKD's Invoice numbers #272991, #273768 and #281312 in the amounts of \$6,620.75, \$9,956.15 and \$2,019.00, respectively are attached as **Exhibit B**.

ARGUMENT

The Receiver has broad authority to hire consultants and experts to assist him in the fulfillment of his duties. Pursuant to the Agreed TI, the Receiver is authorized to "hire employees, contractors, consultants ... or other assistants under terms to be determined by the Receiver, whose services, in the sole discretion of the Receiver, are necessary for the efficient and accurate administration of the receivership estate." Agreed TI at 14, ¶ 8. The services provided by ASG, and BKD are required for the administration of the estate and can be performed by these providers more efficiently and at lower cost than the Receiver or his counsel can perform them. The fees charged by each vendor are reasonable and necessary.

ACCORDINGLY the Receiver respectfully requests that this Court approve the proposed payments requested herein.

Respectfully submitted,

By: 
Michael D. Napoli
State Bar No. 14803400

COX SMITH MATTHEWS INCORPORATED
1201 Elm Street, Suite 3300
Dallas, Texas 75270
(214) 698-7837
(214) 698-7899 (Fax)
mnapoli@coxsmith.com

Mary Schaeffel Dietz
State Bar No. 03741500
COX SMITH MATTHEWS INCORPORATED
111 Congress Avenue, Suite 2800
Austin, Texas 78701
(512) 703-6300
(512) 703-6399 (Fax)
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COUNSEL FOR THE RECEIVER OF
RETIREMENT VALUE, LLC

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 and D'Agostino only)
- Certified Mail (return receipt requested)
- Facsimile
- Federal Express Delivery
- Hand Delivery
- Electronic Service

on this the 31st day of March, 2014.

<p>Jack Hohengarten Susan Millsapps TEXAS ATTORNEY GENERAL Financial and Tax Litigation Division 300 W. 15th Street, Sixth Floor Austin, Texas 78711-2548 (512) 475-3503 (512) 477-2348 fax jack.hohengarten@texasattorneygeneral.gov susan.millsapps@texasattorneygeneral.gov COUNSEL FOR THE STATE OF TEXAS</p>	<p>Michael Napoli COX SMITH MATTHEWS INC. 1201 Elm Street, Suite 3300 Dallas, Texas 75270 (214) 698-7800 (214) 698-7899 fax mnapoli@coxsmith.com</p> <p>Marv Schaerdel Dietz COX SMITH MATTHEWS INC. 111 Congress Avenue, Suite 2800 Austin, Texas 78701 (512) 703-6300 (512) 703-6399 fax mdietz@coxsmith.com COUNSEL FOR RV RECEIVER</p>
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<p>Michael W. O'Donnell NORTON ROSE FULBRIGHT 300 Convent Street, Suite 2100 San Antonio, Texas 78205-3792 (210) 224-5575 (210) 273-7205 fax mikedonnell@nortonrosefulbright.com COUNSEL FOR WELLS FARGO THIRD PARTY DEFENDANTS AND WHITNEY GILES</p>	<p>Richard H. Gray Catherine Gray 301 Main Plaza, #349 New Braunfels, Texas 78130 (210) 392-3550 legalfoodfight@yahoo.com PRO SE DEFENDANTS</p>

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<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 COUNSEL FOR THIRD PARTY DEFENDANTS POE, RICE, SENIOR RETIREMENT PLANNERS, PACHACEK, CORNETT, PC&S, NICHE INVESTMENTS, SANSING, LIGHTHOUSE, NG, FRANCO, ALTERNATIVE SOLUTIONS INSURANCE, CHICK, WESTON, SKIJUS, AND MARK SMITH</p>	<p>David R. Clouston Christopher R. Richie Leslye E. Moseley SESSIONS FISHMAN NATHAN & ISRAEL LLC 900 Jackson Street, Suite 440 Dallas, Texas 75202 (214) 741-3001 (214) 741-3057 fax dclouston@sessions-law.biz crrichie@sessions-law.biz lmoseley@sessions-law.biz COUNSEL FOR THIRD PARTY DEFENDANTS LEVIN AND SCHNEIDER</p>
<p>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 PEARLE</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 COUNSEL FOR THIRD PARTY DEFENDANT JAMES STRIZAK</p>
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<p>Billy W. Sparkman 12101 Jones Butler Rd. College Station, Texas 78745 bwsparkman@gmail.com PRO SE</p>	<p>Jeff Mejia 2609 Gabrianna Court Columbia, Missouri 65203 (913) 208-4884 jeffmejia@yahoo.com PRO SE</p>

<p>Mike Ahlers 9501 Console Drive, Suite 100 San Antonio, Texas 78229 mikeahlers.marketing@gmail.com PRO SE</p>	<p>Benjamin Milks Milks & Milks 3718 45th Street East Bradenton, Florida 34208 benjaminmilks@milksandmilks.net PRO SE</p>
<p>Carl Galant Nicholas P. Laurent MCGINNIS LOCHRIDGE & KILGORE, LLP 600 Congress Avenue, Suite 2100 Austin, Texas 78701 (512) 495-6000 (512) 495-6093 fax cgalant@mcginnislaw.com nlaurent@mcginnislaw.com COUNSEL FOR THIRD PARTY DEFENDANTS RON JAMES, DON JAMES, AND JAMES SETTLEMENT SERVICES</p>	



Michael D. Napoli

5223996.1

Unofficial copy Travis Co. District Clerk Velda L. Price

Unofficial copy Travis Co. District Clerk Velva L. Price

EXHIBIT "A"



521 West Wilshire
 Suite 200
 Oklahoma City, OK 73116
 Voice: (405) 753-9100
 Fax: (405) 753-9397

SERVICE INVOICE

Invoice Number: 1218
 Invoice Date: Dec 10, 2013
 Page: 1

Bill To:
Retirement Value LLC ATTN: Eduardo S. Espinosa 1201 Elm Street, Suite 3300 Dallas, TX 75270

Ship to:
Retirement Value LLC ATTN: Eduardo S. Espinosa 1201 Elm Street, Suite 3300 Dallas, TX 75270

Customer ID	Customer PO	Payment Terms
Retirement Value		Net 15 Days
Contact		Due Date
		12/25/13

Quantity	Description	Unit Price	Amount
51.00	ASG Policy Management Fee- November 2013	76.28	3,890.28

Subtotal	3,890.28
Sales Tax	
Total Invoice Amount	3,890.28
Payment/Credit Applied	
TOTAL	\$ 3,890.28

Thank you for your business!

Unofficial copy Travis Co. District Clerk Verna L. Price



521 West Wilshire
 Suite 200
 Oklahoma City, OK 73116
 Voice: (405) 753-9100
 Fax: (405) 753-9397

SERVICE INVOICE

Invoice Number: 1246
 Invoice Date: Jan 10, 2014
 Page: 1

Bill To:
Retirement Value LLC ATTN: Eduardo S. Espinosa 1201 Elm Street, Suite 3300 Dallas, TX 75270

Ship to:
Retirement Value LLC ATTN: Eduardo S. Espinosa 1201 Elm Street, Suite 3300 Dallas, TX 75270

Customer ID	Customer PO	Payment Terms
Retirement Value		Net 15 Days
Contact		Due Date
		1/25/14

Quantity	Description	Unit Price	Amount
51.00	ASG Policy Management Fee- December 2013	76.28	3,890.28

Subtotal	3,890.28
Sales Tax	
Total Invoice Amount	3,890.28
Payment/Credit Applied	
TOTAL	\$ 3,890.28

Thank you for your business!

Unofficial copy Travis Co. District Clerk Vella Price



asset servicing group

521 West Wilshire
 Suite 200
 Oklahoma City, OK 73116
 Voice: (405) 753-9100
 Fax: (405) 753-9397

SERVICE INVOICE

Invoice Number: 1271
 Invoice Date: Feb 10, 2014
 Page: 1

Bill To:
Retirement Value LLC ATTN: Eduardo S. Espinosa 1201 Elm Street, Suite 3300 Dallas, TX 75270

Ship to:
Retirement Value LLC ATTN: Eduardo S. Espinosa 1201 Elm Street, Suite 3300 Dallas, TX 75270

Customer ID	Customer PO	Payment Terms
Retirement Value		Net 15 Days
Contact		Due Date
		2/25/14

Quantity	Description	Unit Price	Amount
51.00	ASG Policy Management Fee- January 2013* *Fees reflect CPI adjustment per contract	77.36	3,945.36

Subtotal	3,945.36
Sales Tax	
Total Invoice Amount	3,945.36
Payment/Credit Applied	
TOTAL	\$ 3,945.36

Thank you for your business!

Unofficial copy Travis Co. District Clerk Vella Price



asset servicing group

521 West Wilshire
 Suite 200
 Oklahoma City, OK 73116
 Voice: (405) 753-9100
 Fax: (405) 753-9397

SERVICE INVOICE

Invoice Number: 1298
 Invoice Date: Mar 10, 2014
 Page: 1

Bill To:
Retirement Value LLC ATTN: Eduardo S. Espinosa 1201 Elm Street, Suite 3300 Dallas, TX 75270

Ship to:
Retirement Value LLC ATTN: Eduardo S. Espinosa 1201 Elm Street, Suite 3300 Dallas, TX 75270

Customer ID	Customer PO	Payment Terms
Retirement Value		Net 15 Days
Contact		Due Date
		3/25/14

Quantity	Description	Unit Price	Amount
51.00	ASG Policy Management Fee- February 2014	77.36	3,945.36
	Reimbursement of UPS Expense- See Jobs Report		15.15

Subtotal	3,960.51
Sales Tax	
Total Invoice Amount	3,960.51
Payment/Credit Applied	
TOTAL	\$ 3,960.51

Thank you for your business!

Unofficial copy Travis Co. District Clerk Verna L. Price

Unofficial copy Travis Co. District Clerk Velva L. Price

EXHIBIT "B"



14241 Dallas Parkway, Suite 1100
Dallas, TX 75254-2961
972.702.8262 Fax: 972.702.0673

BKD Tax ID#: 44-0160260

INVOICE

Retirement Value LLC, Receiver
1201 Elm Street, Suite 3300
Dallas TX 75270

AMOUNT ENCLOSED
\$

Date: 01/30/14

Page: 1

Client#: 0065995 - Invoice#: BK00272991

Please return top portion with payment

Client#: 0065995 - Invoice#: BK00272991

Billing in connection with: Accounting Services for October 2013 which include monthly accounts payable and cash receipts, reconcile bank accounts and AJEs to reconcile the balance sheet accounts. Accounting Services for November 2013 which includes monthly accounts payable and recording cash receipts.	1,163.75
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12.25 @ \$95 (agreed upon amount)

Services provided in connection with the reconciliation of the accounts receivable accounts, changes to ownership of the investor accounts. Review of customer and vendor accounts for the Receiver.	2,448.00
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12 hrs @ \$204 (\$240 @ 85%)

Final billing on compiling the Receivers Cash Source & Use Schedule.	3,009.00
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Invoice Total	\$ 6,620.75
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Invoices are due upon receipt and assessed finance charges after 32 days past due date unless detailed in engagement letter.

Thank you for your business!

BKD, LLP • 14241 Dallas Parkway, Suite 1100 • Dallas, TX 75254-2961
Phone 972.702.8262 • Fax 972.702.0673



14241 Dallas Parkway, Suite 1100
Dallas, TX 75254-2961
972.702.8262 Fax: 972.702.0673

BKD Tax ID#: 44-0160260

INVOICE

Retirement Value LLC, Receiver
1201 Elm Street, Suite 3300
Dallas TX 75270

AMOUNT ENCLOSED	
\$	

Date: 01/31/14

Page: 1

Client#: 0065995 - Invoice#: BK00273768

Please return top portion with payment

Client#: 0065995 - Invoice#: BK00273768

Billing in connection with: Accounting Service for November & December 2013 which includes monthly accounts payable and cash receipts, reconcile bank accounts and A/JEs to reconcile the balance sheet accounts. Accounting Services for January 2014 which includes recording cash receipts and disbursements.	1,163.75
12.25 @ \$95/hr (agreed upon amount)	
Services provided in connection with the reconciliation of the accounts receivable accounts, changes to ownership of investor accounts. Review of customer and vendor accounts for the Receiver.	3,264.00
16 hrs (\$204 @ 85%)	
Billing in connection with the printing of investor distribution checks:	3,672.00
Verifying the investors name and address to Receivers schedules.	
7 hrs @ \$204 (\$240 @ 85%)	
Distribution amounts entered into Checkbooks and printing of checks	
11 hrs @ \$204 (\$240 @ 85%)	
Reconciling investors' payable accounts before the distribution and after distribution to verify the distributions were made to the correct accounts.	1,326.00
6.5 hrs \$204 (\$240 @ 85%)	
Review of vendors for potential 1099 reporting, verifying address and EIN numbers and amounts, printing of 1099s.	530.40
2.6 hrs @ \$204 (\$285 @ 85%)	

Invoice Total

\$ 9,956.15

INVOICE

Retirement Value LLC, Receiver
1201 Elm Street, Suite 3300
Dallas TX 75270

AMOUNT ENCLOSED

\$

Date: 02/26/14

Page: 1

Client#: 0065995 - Invoice#: BK00281312

Please return top portion with payment

Client#: 0065995 - Invoice#: BK00281312

Billing in connection with: Accounting Service for January 2014 which includes monthly accounts payable and cash receipts, reconcile bank accounts and AJEs to reconcile the balance sheet accounts. Accounting Services for February 2014 which includes recording cash receipts and disbursements. 285.00

3 hours @ \$95/hr (agreed upon amount)

Billing in connection with the reprinting of investor distribution checks, changing address received. 714.00

3.5 hours @ \$204 (\$240 @ 85%)

Services provided in connection with the review of customer and vendor account for the Receiver. 612.00

3 hours @ \$204 (\$240 @ 85%)

Preparation of the cash receipts and disbursement report for the year end 12/31/13. 408.00

2 hrs @ \$204 (\$240 @ 85%)

Invoice Total

\$ 2,019.00

Invoices are due upon receipt and assessed finance charges after 32 days past due date unless detailed in engagement letter.

Thank you for your business!