

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

**TWENTY-FIRST APPLICATION FOR FEES  
BY THE RECEIVER AND RECEIVER'S COUNSEL**

Eduardo S. Espinosa, court-appointed receiver for Retirement Value, LLC, files his twenty-first application for fees incurred by the Receiver and his counsel, Cox, Smith, Matthews Incorporated for the months of December 2013 through February 2014 and K&L Gates, LLP; for the month of November 2013 through February 2014.

**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 in November 2013 by K&L Gates, and December 2013, January and February 2014 by Cox Smith and K&L Gates.

The Receiver has incurred fees of \$43,840.00 during the period covered by this

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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.

Application. He has retained the legal services of Cox Smith and K&L Gates which have incurred fees for the periods covered by this Application of \$7,263.19 and \$15,610.48, 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 25.6% 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 29% discount from his usual and customary Cox Smith rate of \$450/hour. In addition, each of Cox Smith and K&L Gates has discounted their rates by 9.5%. In the aggregate the discounts and write-offs associated with this Application amount to \$22,961.92. Espinosa Affid at ¶7. The chart below summarizes the fees charged and the discounts applied.

<b>Invoice Summary</b>					
Services Rendered in:	Nov-13	Dec-13	Jan-14	Feb-14	Total
Fees Requested					
CSM		\$18,279.62	\$12,777.28	\$20,046.29	\$51,103.19
KLG Moss	\$2,615.96	\$3,649.43	\$9,060.93	\$75.15	\$15,401.47
KLG E-data			\$219.01		\$219.01
<b>Total</b>	<b>\$2,615.96</b>	<b>\$21,929.05</b>	<b>\$22,057.22</b>	<b>\$20,121.44</b>	<b>\$66,723.67</b>
Receiver Incurred		\$17,600.00	\$17,280.00	\$26,370.00	\$61,250.00
Receiver Billed		\$12,800.00	\$12,288.00	\$18,752.00	\$43,840.00
Receiver adj		(\$4,800.00)	(\$4,992.00)	(\$7,618.00)	(\$17,410.00)
All other Tkpr Incurred	\$2,890.56	\$10,087.35	\$12,344.49	\$3,113.19	\$28,435.59
All other Tkpr Billed	\$2,615.96	\$9,129.05	\$9,769.22	\$1,369.44	\$22,883.67
(9.5%) Adj.	(\$274.60)	(\$958.30)	(\$1,025.50)	(\$143.75)	(\$2,402.15)
Write-offs	\$0.00	\$0.00	(\$1,549.77)	(\$1,600.00)	(\$3,149.77)
<b>Total Adj</b>	<b>(\$274.60)</b>	<b>(\$5,758.30)</b>	<b>(\$7,567.27)</b>	<b>(\$9,361.75)</b>	<b>(\$22,961.92)</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:

- Seeking authority to and executing a distribution of \$3,000,000 of estate assets to the Class 2 Claimants pursuant to the Plan of Distribution.
- Responding to numerous inquiries and resolving various issues regarding the investors' claims, the second distribution;
- 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;
- Responding to inquiries from self-regulatory agencies and federal, state, county and municipal regulatory, 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;
- Representing the estate against adverse claims, including without limitation, claims asserted by Tracy Moss.

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 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 Receiver is also continuing to respond to requests for information from various self-regulatory and governmental organizations.

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% 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 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

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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.

subsequently submitted by other parties. The Court adopted the Receiver's initial plan on July 20, 2012 (the "Plan of Distribution").

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. On December 9, 2013, the receiver sought authority to make a supplemental distribution of \$3,000,000.00. The Court authorized the second distribution and the checks were mailed in January 2014.

#### **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 and his counsel have continued to enter into settlements with licensees, prosecute claims against licensees and attempt to collect on judgments entered against licensees and others. The Receiver has secured summary judgments against more than 2 dozen licensees. With the exception of a single licensee, Trial as to the remaining defendant licensees was held on February 18.

Because of the expense and risk inherent in litigation, the Receiver has taken a deliberate approach towards the claims of the estate. Generally, the Receiver attempted to negotiate with those against whom the estate had claims, rather than immediately filing suit. The Receiver concentrated his initial efforts on claims that were either the most likely to succeed or which provide for the largest potential recovery. 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 retained contingency fee counsel to prosecute claims against the licensees and other parties.

The Receiver retained GBKH, on a contingency fee basis, 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 \$2,055,000 in negotiated settlements with third party licensees who participated in the sale of the RSLIF (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 \$4.5 million in summary judgments and default 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. The analysis was updated in connection with the Second Distribution. Lewis & Ellis determined that premium reserves of \$14,608,360 as of October 31, 2013, should suffice for 97.5% of the potential outcomes. After accounting for the Second Distribution and the premiums paid since October 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

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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.

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 completed by the estate's contingency fee counsel. Negotiated settlements entered into pursuant to the estate's collection efforts afforded the estate the opportunity to make an interim distribution. The interim distribution was funded entirely from amounts collected. The majority of the remaining claims against licensees were tried on February 18, 2014. Trial against a single licensee remains pending. Further to the extent any of the licensees against whom a judgment has been secured file an appeal, the estate will seek to preserve and enforce its legal rights.

The Plan of Distribution largely resolved the claims against the estate. Receiver received 44 proofs of claim (38 from investors and 6 from other claimants) disputing scheduled claim amounts or characterization. All disputes pertaining to the Class 2 –Investor claims have been resolved. 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 since turned his attention to executing interim distributions, addressing investor inquiries and ministerial issues to ensure that the estate's records are updated and the estate is ready to execute the next distribution.

On December 9, 2013, the Receiver filed his Motion to Authorize Supplemental



Distribution with the Court which included his latest report regarding the status of the estate, its collection efforts, recent maturities and uses of cash. 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. An interim distribution of \$3,000,000 was authorized and executed in January 2014.

#### 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.<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 on results obtained or uncertainty of collection before the legal services have been rendered.

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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.

*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 of the attorneys and other professionals working on this matter, except that: (i) the Receiver is

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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.

charging 29% 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 practice 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 distributions of approximately \$8.5 million.

*Time limitations.* Time is of the essence in a receivership. This is particularly true in the

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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) \$550,000 and 8 policies of insurance worth about \$1.1 million recovered from James Settlement Services; (iii) \$177,000 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 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) \$2,055,000 in approved settlements with licensees; (xi) \$4,500,000 in summary judgments and default judgments against licensees; and (xii) \$5.5 million in approved settlements with the James Defendants.

initial stages. The efforts undertaken in this case to recover assets, investigate the facts and preserve the portfolio of polices 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 25.6% 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 20 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 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 76% 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:   
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)  
mdietz@coxsmith.com

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 31<sup>st</sup> day of March, 2014.

<p>Jack Hohengarten Susan Millsapps TEXAS ATTORNEY GENERAL Financial and Tax Litigation Division 300 W. 15<sup>th</sup> Street, Sixth Floor Austin, Texas 78711-2548 (512) 475-3503 (512) 477-2348 fax <a href="mailto:jack.hohengarten@texasattorneygeneral.gov">jack.hohengarten@texasattorneygeneral.gov</a> <a href="mailto:susan.millsapps@texasattorneygeneral.gov">susan.millsapps@texasattorneygeneral.gov</a> 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 <a href="mailto:mnapoli@coxsmith.com">mnapoli@coxsmith.com</a></p> <p>Mary Schaerdel Dietz COX SMITH MATTHEWS INC. 111 Congress Avenue, Suite 2800 Austin, Texas 78701 (512) 703-6300 (512) 703-6399 fax <a href="mailto:mdietz@coxsmith.com">mdietz@coxsmith.com</a> COUNSEL FOR RV RECEIVER</p>
<p>R. James George Jr. John W. Thomas John R. McConnell GEORGE BROTHERS KINCAID &amp; HORTON, LLP 114 W Seventh, Suite 1100 Austin, Texas 78701-3025 (512) 495-1400 (512) 499-0094 fax <a href="mailto:rjgeorge@gbkh.com">rjgeorge@gbkh.com</a> <a href="mailto:jthomas@gbkh.com">jthomas@gbkh.com</a> <a href="mailto:jmcconnell@gbkh.com">jmcconnell@gbkh.com</a> COUNSEL FOR RV RECEIVERS</p>	<p>Isabelle M. Antongiorgi TAYLOR DUNHAM, LLP 301 Congress Avenue, Suite 1050 Austin, Texas 78701 (512) 473-2257 (512) 478-4409 fax <a href="mailto:iantongiorgi@taylordunham.com">iantongiorgi@taylordunham.com</a> COUNSEL FOR HCF RECEIVER</p>

<p>Geoffrey D. Weisbart Mia A. Storm WEISBART SPRINGER HAYES LLP 212 Lavaca Street, Suite 200 Austin, Texas 78701 (512) 652-5780 (512) 682-2074 fax <a href="mailto:gweisbart@wshllp.com">gweisbart@wshllp.com</a> <a href="mailto:mstorm@wshllp.com">mstorm@wshllp.com</a> COUNSEL FOR THE CAIN INTERVENORS</p>	<p>Alberto T. Garcia III GARCIA &amp; MARTINEZ, LLP 5211 W. Mile 17 ½ Road Edinburg, Texas 78541 (956) 380-3700 (956) 380-3703 fax <a href="mailto:albert@garmtzlaw.com">albert@garmtzlaw.com</a> <a href="mailto:yoli@garmtzlaw.com">yoli@garmtzlaw.com</a> COUNSEL FOR THE HARRISON INTERVENORS</p>
<p>Bogdan Rentea RENTEA &amp; ASSOCIATES 1002 Rio Grande Street Austin, Texas 78701 (512) 472-6291 (512) 472-6278 <a href="mailto:brentea@rentealaw.com">brentea@rentealaw.com</a> <a href="mailto:nleake@rentealaw.com">nleake@rentealaw.com</a> COUNSEL FOR WENDY ROGERS AND THIRD PARTY DEFENDANTS COLEMAN, GALLAGHER, FEEKEN, GALLAGHER FINANCIAL, CASTELLANO, 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</p>	<p>Meagan Martin STANDLY AND HAMILTON, LLP 325 N. St. Paul, Suite 3300 Dallas, Texas 75201 (214) 234-7900 (214) 234-7300 fax <a href="mailto:mmartin@standlyhamilton.com">mmartin@standlyhamilton.com</a> COUNSEL FOR HCC INVESTOR INTERVENORS</p>
<p>Daniel R. Richards Tonia L. Lucio Clark Richards RICHARDS RODRIGUEZ &amp; SKEITH, LLP 816 Congress Avenue, Suite 1200 Austin, Texas 78701 (512) 476-0005 (512) 476-1513 fax <a href="mailto:drichards@rrsfirm.com">drichards@rrsfirm.com</a> <a href="mailto:tlucio@rrsfirm.com">tlucio@rrsfirm.com</a> <a href="mailto:crichards@rrsfirm.com">crichards@rrsfirm.com</a> ATTORNEYS FOR BAKER INTERVENORS</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 <a href="mailto:paul.trahan@nortonrosefulbright.com">paul.trahan@nortonrosefulbright.com</a> <a href="mailto:cristina.longoria@nortonrosefulbright.com">cristina.longoria@nortonrosefulbright.com</a> COUNSEL FOR WELLS FARGO THIRD PARTY DEFENDANTS AND WHITNEY GILES</p>
<p>Michael W. O'Donnell NORTON ROSE FULBRIGHT 300 Convent Street, Suite 2100 San Antonio, Texas 78205-3792 (210) 221-5575 (210) 273-7205 fax <a href="mailto:mike.odonnell@nortonrosefulbright.com">mike.odonnell@nortonrosefulbright.com</a> 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 <a href="mailto:legalfoodfight@yahoo.com">legalfoodfight@yahoo.com</a> PRO SE DEFENDANTS</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  <a href="mailto:mghammondlaw@gmail.com">mghammondlaw@gmail.com</a>  <b>COUNSEL FOR THE MARLOW INTERVENORS AND THIRD PARTY DEFENDANTS BESTE, HOSKINS AND KNOX</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  <a href="mailto:allenroig@sbcglobal.net">allenroig@sbcglobal.net</a>  <b>COUNSEL FOR THIRD PARTY DEFENDANTS SEWELL OF TEXAS ESTATE PLANNING SERVICES, WILLIAM EVANS, RICHARD EVANS AND DON WISSNER</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  <a href="mailto:rwright@rlwpc.com">rwright@rlwpc.com</a>  <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 75207  (214) 741-3001  (214) 741-3057 fax  <a href="mailto:dclouston@sessions-law.biz">dclouston@sessions-law.biz</a>  <a href="mailto:crichie@sessions-law.biz">crichie@sessions-law.biz</a>  <a href="mailto:lmoseley@sessions-law.biz">lmoseley@sessions-law.biz</a>  <b>COUNSEL FOR THIRD PARTY DEFENDANTS LEVIN AND SCHNEIDER</b></p>
<p>Merritt N. Spencer  STRASBURGER &amp; PRICE, LLP  720 Brazos Street, Suite 700  Austin, Texas 78701-2974  (512) 499-3600  (512) 499-3660 fax  <a href="mailto:merritt.spencer@strasburger.com">merritt.spencer@strasburger.com</a>  <b>ATTORNEYS FOR THIRD PARTY DEFENDANT PEARLE</b></p>	<p>Todd A. Marquardt  MARQUARDT LAW FIRM  11919 Jones Maltsberger  San Antonio, Texas 78216  (210) 320-8800  (210) 247-9396 fax  <a href="mailto:todd@marquardtlawfirm.com">todd@marquardtlawfirm.com</a>  <b>COUNSEL FOR THIRD PARTY DEFENDANT JAMES STRIZAK</b></p>
<p>Gary J. Lenahan  P.O. Box 1685  Pineville, West Virginia 24874-1685  <b>PRO SE</b></p>	<p>Andrew D'Agostino  Harvest Planning, LLC  41 Brook Street  West Sayville, New York 11796  <b>PRO SE</b></p>
<p>Billy W. Sparkman  12101 Jones Butler Rd.  College Station, Texas 78745  <a href="mailto:bwsparkman@gmail.com">bwsparkman@gmail.com</a>  <b>PRO SE</b></p>	<p>Jeff Mejia  2609 Gabrianna Court  Columbia, Missouri 65203  (913) 208-4884  <a href="mailto:jeffmejia@yahoo.com">jeffmejia@yahoo.com</a>  <b>PRO SE</b></p>

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



Michael D. Napoli

5208441.1

Unofficial copy Travis Co. District Clerk Velda L. Price

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**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 Twenty-First 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 Exhibits A, B and C are copies of Cox Smith's invoices for January, February and March 2014 respectively (the "CSM Invoices"). The CSM Invoices detail the services performed, during the months of December 2013, January and February 2014, 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 Exhibits D through G are copies of K&L Gates' invoices for December 2013, January, February and March 2014 (the "K&L Invoices" and collectively with the CSM Invoice, the "Invoices"). The K&L Invoices details the services performed by K&L Gates as Receiver's counsel on e-data services and in the Tracy Moss matter during November 2013, December 2013 and January 2014 and February 2014. 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.

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 25.6% 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 29% discount from his usual and customary Cox Smith rate of \$450/hour. In addition, each of Cox Smith and K&L Gates has discounted their rates by 9.5%. In the aggregate the discounts and write-offs associated with this Application amount to \$22,961.92. The chart below summarizes the fees charged and the discounts applied.

<b>Invoice Summary</b>					
Services Rendered in:	Nov-13	Dec-13	Jan-14	Feb-14	Total
Fees Requested					
CSM		\$18,279.62	\$12,777.28	\$20,046.29	\$51,103.19
KLK Moss	\$2,615.96	\$3,649.43	\$9,060.93	\$75.15	\$15,401.47
KLK E-data			\$219.01		\$219.01
<b>Total</b>	<b>\$2,615.96</b>	<b>\$21,929.05</b>	<b>\$22,057.22</b>	<b>\$20,121.44</b>	<b>\$66,723.67</b>
Receiver Incurred		\$17,600.00	\$17,280.00	\$26,370.00	\$61,250.00
Receiver Billed		\$12,800.00	\$12,288.00	\$18,752.00	\$43,840.00
Receiver adj		(\$4,800.00)	(\$4,992.00)	(\$7,618.00)	(\$17,410.00)
All other Tkpr Incurred	\$2,890.56	\$10,087.35	\$12,344.49	\$3,113.19	\$28,435.59
All other Tkpr Billed	\$2,615.96	\$9,129.05	\$9,769.22	\$1,369.44	\$22,883.67
(9.5%) adj.	(\$274.60)	(\$958.30)	(\$1,025.50)	(\$143.75)	(\$2,402.15)
Write-offs	\$0.00	\$0.00	(\$1,549.77)	(\$1,600.00)	(\$3,149.77)
<b>Total Adj</b>	<b>(\$274.60)</b>	<b>(\$5,758.30)</b>	<b>(\$7,567.27)</b>	<b>(\$9,361.75)</b>	<b>(\$22,961.92)</b>

7. 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.

8. 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 practice 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.

9. 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.

10. The amount billed for my services during the period covered by this application is \$43,840.00. The amount billed for my counsel's professional services during the period covered by this application is \$22,883.67. 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 #21 are reasonable.

11. I have reviewed Cox Smith's invoices for services rendered during the periods covered by Fee Application #21. 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.

12. I have reviewed K&L Gates' invoice for services rendered during the periods covered by Fee Application #21. 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.

13. The fees requested in this application are 70% 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.

14. 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. Their analysis was updated in connection with the most recent interim distributions. Lewis & Ellis determined that premium reserves of \$14,608,360 as of October 31, 2013 should suffice for 97.5% of the potential outcomes. After accounting for the Interim Distribution and the premiums paid since October 31, 2013, the estate maintains ample cash reserves from which to pay this Application.

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FURTHER AFFIANT SAYETH NOT.

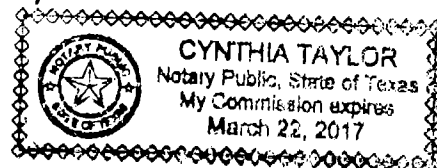
*Eduardo S. Espinosa*

\_\_\_\_\_  
Eduardo S. Espinosa

SUBSCRIBED AND SWORN TO BEFORE ME this 21<sup>th</sup> day of March 2014.

*Cynthia Taylor*

\_\_\_\_\_  
Notary Public  
My Commission Expires:



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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

January 15, 2014  
 Invoice No. 412888

Legal Services Through 12/31/2013 in Connection With

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

**Matter 034617.000001**

12/02/13	E. Espinosa	0.50	160.00	Telephone conference with J. Thomas regarding default judgment (0.2); confer with D. Andreacchi regarding investor inquiries (0.2); confer with M. Napoli regarding administrative issue (0.1).
12/03/13	E. Espinosa	2.80	896.00	Telephone conference with J. Thomas regarding default judgment (0.2); update schedule of claims to reflect transfers (2.1); correspond with A. Goldate (0.2); correspond with M. Martin and A. Williams regarding P. Libby's IRA (0.3).
12/03/13	M. Napoli	0.40	179.20	E-mail correspondence with G. Cantwell (0.1); telephone conference with J. Thomas (0.3).
12/04/13	M. Napoli	1.00	448.00	Prepare 20th fee application (1.0).
12/05/13	E. Espinosa	2.00	640.00	Correspond with M. Martin (0.1); correspond with F. Elmore (investor) (0.2); conference with M. Napoli and J. Thomas (0.4); correspond with B. Wells regarding CD rates (0.2); correspond with J. Thomas regarding defaults (0.2); attend to accounts payable (0.8); telephone conference with M. Kaye (0.1).
12/05/13	M. Napoli	0.30	134.40	Telephone conference with J. Thomas regarding collections (0.2); telephone conference with J. Blair (0.1).
12/06/13	E. Espinosa	5.40	1,728.00	Finalize 4th amended A&R schedule of claims (3.3); draft motion for supplemental distribution (2.1).

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

January 15, 2014  
 Invoice No. 412888  
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12/11/13	E. Espinosa	2.50	800.00	Telephone conference with D. Jones (investor) (0.2); review and revise 14th motion to pay professionals (0.4); telephone conference with A. Williams of BKD (0.2); correspond with ASG, BKD and Lewis & Ellis regarding administrative matters (0.3); confer with D. Andreacchi (0.3); review 14th settlement order (0.1); telephone conference with Mrs. E. Elmore regarding Check No. 2385 and his IRA custodian (0.4); website updates (0.6).
12/11/13	M. Napoli	0.50	224.00	Prepare notice of hearing on distribution motion (0.1); review fee application for non-legal professionals (0.2); e-mail correspondence with J. Thomas regarding Sal Magaraci (0.2).
12/11/13	D. Andreacchi	1.00	37.43	Prepare draft receiver's 14th motion to pay professionals and exhibits and deliver to E. Espinosa for review and comment (.90); update communications log with call from investor D. Jones (.10).
12/12/13	E. Espinosa	3.50	1,120.00	Telephone conference with G. Crespi (investor) and confer with D. Andreacchi regarding same (0.3); telephone conference with J. McConnell (0.1); update estate recovery schedule (0.6); revise proposed order granting motion to approve 2nd distribution (0.4); correspond with F. Medina at ASG (0.1); correspond with G. Quinones regarding website (0.1); attend to McDermott deposit and convey same to BKD (0.3); confer with J. McConnell regarding default licensee (0.5); correspond with A. Williams of BKD regarding accounts payable and reconcile accounts payable to WSH (0.4); review memo from J. McConnell and respond (0.7); telephone conference with B. Wells and provide account opening information (0.3).
12/12/13	M. Napoli	0.40	179.20	Review and respond to correspondence from J. Parsons regarding hearing dates (0.2); review and revise order regarding distribution (0.2).

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January 15, 2014  
 Invoice No. 412888  
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12/12/13	D. Andreacchi	0.10	16.74	Update communications log re G. Crespi.
12/13/13	E. Espinosa	1.10	352.00	Telephone conference with J. Holtsclaw (investor) (0.2); review attachment to proposed order of 2nd distribution (0.4); various e-mails with J. McConnell regarding default licensees (0.3); correspond with ASG (0.2); attend to accounts payable (0.1); review correspondence regarding hearing list (0.1).
12/13/13	D. Andreacchi	0.20	33.49	Telephone call with investor (.10); update communications logs re calls to E. Espinosa (.10)
12/16/13	E. Espinosa	0.70	224.00	Telephone conference with T. Smith (investor) (0.3); correspond with B. Wells at City Bank (0.4).
12/17/13	E. Espinosa	5.50	730.00	Confer with M. Napoli (0.1); transfer funds from Chase to City Bank required personally going to the branch (1.2); correspond with B. Wells regarding account opening docs/resolution (0.6); review proposed settlement agreement (0.3); draft supplement to motion to authorize distribution (2.8); confer with J. McConnell and J. Thomas regarding L'ee Smith (0.4); attend to accounts payable (0.1).
12/17/13	M. Napoli	1.20	537.60	E-mail correspondence with J. Thomas regarding settlements (0.2); confer with E. Espinosa regarding distribution (0.3); review and revise order regarding second distribution (0.7).
12/18/13	E. Espinosa	2.00	640.00	Telephone conference with B. Wells regarding opening CD account (0.2); draft supplement to motion to authorize distribution (1.3); confer with B. Wells regarding account opening documents (0.3); review Smith settlement (0.2).
12/18/13	M. Napoli	2.50	1,120.00	Revise supplement to motion for distribution (2.0); revise order for distribution (0.5).

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January 15, 2014  
 Invoice No. 412888  
 Page 5

12/18/13	D. Andreacchi	0.50	83.72	Return investor calls and update communications log re same.
12/19/13	E. Espinosa	2.50	800.00	Telephone conference with T. Merlucci regarding T. Bernhardt (0.3); confer with F. Olivares (0.2); review correspondence regarding H. Cassese and respond to same (0.7); review correspondence regarding Dixon Trust and respond to same (0.3); correspond with S. Gibson at Lewis & Ellis (0.1); correspond with A. Williams regarding CD (0.2); review discovery filings (0.4).
12/20/13	E. Espinosa	1.40	448.00	Confer with J. McConnell regarding defaulting licensee, Fenz Asset Management and claims value (0.6); correspond with I. Antongiorgi regarding various matters (0.4); correspond with T. O'Rourke regarding H. Cassese (0.2); confer with M. Napoli (0.2).
12/20/13	M. Napoli	0.50	224.00	Review Cain intervenors objection to fee application 20 (0.3); e-mail correspondence with J. McConnell regarding Fenz settlement (0.2).
12/23/13	E. Espinosa	3.60	1,152.00	Telephone conference with M. Kaye (1.2); correspond with D. Gray regarding assignment of HCF claims from his IRA (0.5); review certification of no objection (0.2); attend to accounts payable (1.7).
12/23/13	M. Napoli	0.20	89.60	Revise certificate of no opposition to non-CSM professionals (0.2).
12/23/13	D. Andreacchi	0.30	50.23	Prepare Certificate of No Objection for Fourteenth Application to Pay Professionals and email to E. Espinosa for review and comment.
12/26/13	E. Espinosa	0.60	192.00	Draft correspondence with Mark M. Mathews (0.3); confer with GBKH regarding settlement (0.3).
12/27/13	D. Andreacchi	0.90	150.69	Update communications log (.20); calls with investors (.70).

Total Hours

55.30

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January 15, 2014  
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Total Fees \$ 18,279.62

### Professional Summary

Professional	Title	Hours Worked	Hourly Rate	Total Fees
E. Espinosa	Shareholder	40.00	320.00	12,800.00
M. Napoli	Shareholder	10.40	440.00	4,659.20
D. Andreacchi	Paralegal	4.90	167.43	820.42
Total All Professionals		55.30	\$ 330.55	\$ 18,279.62

Total This Invoice \$ 18,279.62

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**EXHIBIT "B"**

# COX | SMITH

ATTORNEYS

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

February 05, 2014  
Invoice No. 413410

Legal Services Through 01/31/2014 in Connection With

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

**Matter 034617.000001**

01/02/14	E. Espinosa	1.40	448.00	Review Rentea's motion (0.1); review motion to approve settlements (0.3); review Cain intervenor's motion (0.2); review notebook (0.1); review defendant's response to motion to compel (0.2); correspond to T. O'Rourke regarding Helen Cassese (investor) (0.4); correspond with S. Collins (investor/licensee) (0.1).
01/03/14	E. Espinosa	2.50	800.00	Correspond with J. Mortensen (0.2); correspond with T. O'Rourke regarding H. Cassese (investor) (0.1); research J&S Hodges IRA v. personal investment (0.3); review correspondence with P. Johnson (0.1); transfer January 2014 premiums (0.4); draft response to G. Norris (0.5); correspond with A. Williams of BKD and D. Andreacchi regarding address updates (0.2); respond to J. Bommarito regarding schedule of claims inquiry (0.1); response to K. Lovell (0.4); review response from Magaracci and EPP (0.2).
01/03/14	D. Andreacchi	1.30	217.66	Respond to investor emails (1.0); email E. Espinosa re assistance with certain investor emails (.20); email A. Williams re address change (.10).

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

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01/06/14	E. Espinosa	2.20	704.00	Correspond with S. Peters (0.6); review Milkie commission breakdown and exchanges with Schroeder/Levin's counsel (0.3); correspond with I. Antongiorgi regarding Searle settlement (0.1); review C. Haddicker settlement and correspond with A. Williams regarding same (0.4); update receiver's recoveries and correspond with A. Williams regarding GBKH deposit (0.6); correspond with L. Edwards regarding 321 Meadow Park (0.2).
01/06/14	D. Andreacchi	0.10	16.74	Respond to investor email per E. Espinosa instructions.
01/07/14	E. Espinosa	2.70	864.00	Correspond with L. Edwards regarding sale of Rogers' property (0.1); confer with J. McConnell regarding Real Talk (0.4); telephone conference with J. Thomas and correspond regarding profit calculations (0.6); deposit settlement funds at Chase (0.2); telephone conference with P. Miller (0.3); preparation for January 8 hearing (0.7); correspond with S. Foehrner at USMS regarding USMS Form (0.2); correspond with A. Williams regarding Searle settlement (0.2).
01/08/14	E. Espinosa	0.00	.00	NO CHARGE: Round trip travel to Austin to attend hearing.
01/08/14	E. Espinosa	7.60	2,432.00	Attend hearings (6.0); meeting with J. Thomas and J. McConnell (1.0); meeting with J. Thomas and L. Moysle (0.5); correspond with A. Williams of BKD (0.1).
01/08/14	D. Andreacchi	1.50	251.15	Respond to multiple investor calls and emails.

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February 05, 2014  
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 Page 4

01/15/14	E. Espinosa	5.40	1,728.00	Confer with F. Olivares and J. Vigil (2.7); draft response to R. Ward inquiries (0.5); address self-directed IRA's valuation issue (0.7); confer with D. Andreacchi regarding investor inquiries (1.0); correspond with L. Edwards regarding 320 Meadow Park (0.1); confer with J. McConnell regarding M. Campbell, J. Fish and R. Carr (0.2); post L&E's 2nd supplemental report to website (0.2).
01/15/14	D. Andreacchi	0.40	66.97	Respond to investor calls and emails (.30); email E. Espinosa re questions (.10).
01/16/14	E. Espinosa	1.50	480.00	Attend to investor updates (0.2); correspond with A. Williams regarding Searle settlement (0.2); attend to bank statements and confer with BKD (0.3); attend to Magaricci file (0.2); attend to Malcom Campbell file (0.2); confer with D. Andreacchi regarding documents accompanying checks to investors (0.4).
01/16/14	D. Andreacchi	0.50	100.46	Telephone calls with investors re case status and distribution.
01/21/14	E. Espinosa	1.30	416.00	Attention to investor updates (0.3); correspond with Chase Bank regarding fees (0.2); attend to FBI request (0.2); correspond with G. Brooks (0.2); review draft of FAQ and transmittal letter (0.4).
01/21/14	D. Andreacchi	1.50	251.15	Respond to A. Williams questions re addresses (.50); return investor calls (1.0).
01/22/14	E. Espinosa	0.70	224.00	Attend to transmittal letter (0.1); correspond with A. Williams of BKD regarding distribution checks (0.6).
01/22/14	D. Andreacchi	0.20	33.49	Receipt and review email re questions re addresses and respond.
01/23/14	E. Espinosa	2.00	640.00	Confer with A. Williams of BKD (0.3); revise FAQ and update website (0.4); telephone conference with M. Kaye (0.8); attend to P. Miller (investor) (0.1); confer with J. McConnell (0.4).

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# COX | SMITH

February 05, 2014  
 Invoice No. 413410  
 Page 5

01/23/14	D. Andreacchi	1.10	184.17	Telephone calls with investors re distribution and update communications log re same.
01/24/14	D. Andreacchi	0.90	150.69	Respond to investor calls and emails.
01/27/14	M. Napoli	0.30	134.40	Telephone conference with J. Thomas (0.3).
01/27/14	D. Andreacchi	0.20	33.49	Email to G. Quinones re problems with website (.10); telephone calls with investor re website and status of distribution(.10).
01/28/14	M. Napoli	0.30	134.40	Telephone conference with T. Lucio (0.1); e mail correspondence with F. Cousland regarding Moss litigation (0.2).
01/28/14	D. Andreacchi	0.30	50.23	Telephone calls with investors and update communications log re same.
01/29/14	D. Andreacchi	0.10	16.74	Email G. Quinones re FAQ changes on website (.10).
01/31/14	D. Andreacchi	0.20	33.49	Telephone call with P. Miller.
			Total Hours	43.70
			Total Fees	\$ 12,777.28

### Professional Summary

Professional	Title	Hours Worked	Hourly Rate	Total Fees
E. Espinos	Shareholder	33.40	320.00	10,688.00
M. Napoli	Shareholder	1.30	448.00	582.40
D. Andreacchi	Paralegal	9.00	167.43	1,506.88
Total All Professionals		43.70	\$ 292.39	\$ 12,777.28

**Total This Invoice \$ 12,777.28**

Unofficial copy Travis Co. District Clerk J. David L. Price

Unofficial copy Travis Co. District Clerk Velva L. Price

**EXHIBIT "C"**

# COX | SMITH

ATTORNEYS

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

March 13, 2014  
Invoice No. 415870

Legal Services Through 02/28/2014 in Connection With

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

**Matter 034617.000001**

02/03/14	E. Espinosa	3.40	1,088.00	Telephone conference with K. Dealer, and correspond with same regarding change of ownership form (0.5); telephone conference with V. Quayle regarding sale date check from first distribution (0.1); correspond with B. Rentea regarding Gallagher's investor communications (0.2); review W-2s and confer with A. Williams of BKD regarding same (0.4); telephone conference with R. Fahey (0.1); review default judgment motions (0.2); review correspondence with G. Cantwell (TSSB) (0.1); correspond with T.C. & Diane Callender (0.3); attend to investor inquiries and address changes (0.6); reconcile outstanding offsets with BKD (0.9).
02/03/14	M. Napoli	0.20	89.60	Correspond with G. Cantwell (0.2).
02/03/14	D. Andreacchi	0.70	117.20	Telephone calls with investors regarding checks and IRA accounts.
02/04/14	E. Espinosa	2.80	896.00	Confer with A. Williams of BKD regarding settlement offset reconciliation and review setoff chronology and reconcile same (0.9); review update source and uses report (0.3); correspond with A. Williams regarding account transfer (0.1); review Roig settlement proposal and confer with J. McConnell regarding same (0.6); confer with D. Andreacchi regarding investors that have passed, address changes and Adams Trust (0.6); attend to Schroeder and Levin correspondence (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

March 13, 2014  
 Invoice No. 415870  
 Page 4

02/11/14	E. Espinosa	2.40	768.00	Conference with A. Williams and D. Andreacchi regarding J. Cutrer (0.4); telephone conference with J. McConnell regarding trial preparation (0.5); review exhibits (0.6); attend to Cutrer distribution (0.3); telephone conference with R. Perez at K&L regarding Laska (0.3); correspond with A. Williams regarding same (0.3).
02/12/14	E. Espinosa	3.70	1,184.00	Telephone conference with J. McConnell (0.8); telephone conference with G. Quinones regarding website (0.1); correspond with C. Molnar at Provident (0.6); review proposed agreement judgment (0.1); attend to address changes (0.3); attend to Mrs. Luckenbach (0.2); attend to T. Martin (0.2); attend to D. Levin (licensee) (0.2); review accounts payable run (0.2); telephone conference with R. O'Hara (0.2); review Sparkman, Magaraci and Evans licensee files (0.8).
02/12/14	M. Napoli	0.60	134.40	Review proposed agreement regarding intervenors claims by RV (0.2); e-mail correspondence with J. Thomas regarding trial (0.1).
02/12/14	D. Andreacchi	0.90	150.69	Respond to investor calls & emails and update communication and mailing logs re same.
02/13/14	D. Andreacchi	0.60	100.46	Respond to investor calls and update communication and mailing logs re same (.50); confer with E. Espinosa re investor death (.10).
02/17/14	E. Espinosa	5.40	1,728.00	Telephone conference with J. McConnell (1.0); attend to QVest and correspond with A. Williams of BKD regarding same (0.2); attend to J. Holtsclaw (0.1); correspond with A. Arnold regarding Terminal Illness Rider (0.2); review receiver's reports and general trial preparation (3.2); various communications with J. Thomas (0.7).
02/17/14	D. Andreacchi	0.40	66.97	Return investor calls and update communication log and mailing list.

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March 13, 2014  
 Invoice No. 415870  
 Page 5

02/18/14	E. Espinosa	0.00	.00	NO CHARGE: Travel to Austin to attend hearings (2.5).
02/18/14	E. Espinosa	8.20	2,624.00	Attend RV trial (8.0); correspond with D. Andreacchi regarding IRA custodians and B. Walker (0.2).
02/18/14	M. Napoli	0.20	89.60	E-mail correspondence with J. Parsons (0.2).
02/18/14	D. Andreacchi	0.40	66.97	Return investor calls and update communications log and mailing list.
02/19/14	E. Espinosa	0.00	.00	NO CHARGE: Return travel to Dallas from Austin (2.5).
02/19/14	E. Espinosa	3.40	1,088.00	Attend RV trial (3.0); attend to investor address updates (0.3); attend to accounts payable run (0.1).
02/19/14	D. Andreacchi	1.10	184.17	Conversation with J. Blair re reducing mail service list and email distribution list (.20); calls with investors and update communications log and mailing list (.80); email A. Williams with address changes (.10).
02/20/14	E. Espinosa	3.80	1,216.00	Telephone conference with T. Lozes (investor), research status for checks from the 1st distribution, and instruct A. Williams accordingly (1.5); telephone conference with M. La Roze (0.1); attend to website updates (0.2); attend to address changes (0.2); telephone conference with IRS Services Trust Co. and confer with D. Andreacchi regarding same (0.5); review settlement statements (0.3); review D. Dolph production (0.5); review Gottusso's Bill of Review and confer with McConnell regarding same (0.4); correspond with M. Storm (0.1).
02/20/14	D. Andreacchi	0.40	66.97	Respond to investor calls and emails and update communications log and mailing list.

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March 13, 2014  
 Invoice No. 415870  
 Page 6

02/21/14	E. Espinosa	0.80	256.00	Telephone conference with J. Thomas and e-mail regarding 30-day, Pettus (0.4); instruct A. Williams of BKD regarding M. LaRose (0.1); correspond with Ms. Karson regarding substitute custodians (0.2)
02/24/14	E. Espinosa	1.60	512.00	Telephone conference with B. Blaisdell (0.6); confer with J. Thomas (0.2); attend to website update (0.1); review e-filings (0.2); review Pettus chronology and confer with J. Thomas regarding same (0.5)
02/25/14	E. Espinosa	2.40	768.00	Telephone conference with P. Brannon and S. Gordon regarding portfolio and possible transaction and circulate NDA (1.4); correspond with A. Arnold (0.1); compile LE Comparisons and download to CFP (0.4); correspond with K. Hinkle regarding CFP (0.2); correspond with J. Thomas regarding Pettus property (0.3).
02/25/14	M. Napoli	0.40	179.20	Prepare insert for web page regarding trial victory (0.4).
02/25/14	D. Andreacchi	1.00	167.43	Telephone calls with investors and update communications log and mailing list re same
02/26/14	E. Espinosa	0.70	224.00	Address inconsistent transfer instructions from LTC regarding J. Kelly with G. Martin (0.3); deposit settlement funds (0.2); correspond with A. Williams regarding Searle settlement (0.2).
02/26/14	M. Napoli	0.30	134.40	Review and execute intervenors agreed judgment (0.3).
02/26/14	D. Andreacchi	1.80	301.37	Respond to calls from investors and update communications log and mailing list re same (1.70); email A. Williams re address changes (.10).

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March 13, 2014  
 Invoice No. 415870  
 Page 7

02/27/14	E. Espinosa	4.40	1,408.00	Various telephone conferences and e-mails with P. Brannon and S. Gordon (0.6); telephone conference with P. Brannon and S. Gordon, P. Maule and S. Townsend (0.3); telephone conference with P. Maule and S. Townsend (0.3); confer with G. Martin at LTC regarding Staley's IR (0.4); reconcile 2/21/14 disbursement from GBKH and Quickbooks accounts; update recoveries table and correspond with A. Williams at BKD regarding same (1.4); review E. Smith Tommy Ventures settlement and correspond with A. Williams of BKD regarding same (0.3); correspond with E. Garnett and J. McConnell regarding summary judgments (0.4); review LE data (0.7).
02/28/14	E. Espinosa	1.10	352.00	Telephone conference with S. Crohn at Vida (0.3); attend to Secure Site access for CFP (0.2); attend to Al Menendez regarding C.M. Hernandez and Provident (0.6).
02/28/14	M. Napoli	0.30	134.40	Revise post-trial brief on TUFTA issues (0.3).

Total Hours 67.20

Total Fees \$ 20,046.29

### Professional Summary

Professional	Title	Hours Worked	Hourly Rate	Total Fees
E. Espinosa	Shareholder	53.60	320.00	17,152.00
M. Napoli	Shareholder	2.20	448.00	985.60
D. Andreacchi	Paralegal	11.40	167.43	1,908.69
Total All Professionals		67.20	\$ 298.31	\$ 20,046.29

**Total This Invoice**

**\$ 20,046.29**

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**EXHIBIT "D"**



K&L GATES LLP  
ONE NEWARK CENTER  
TENTH FLOOR  
NEWARK, NJ 07102  
T 973.848.4000 F 973.848.4001 klgates.com  
Tax ID No. 25 0921018

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

Invoice Date : December 5, 2013  
Invoice Number : 2871121  
Services Through : November 30, 2013

1203981.00004 Tracy Moss Lawsuit

**INVOICE SUMMARY**

Fees	\$ 1,932.64
Disbursements and Other Charges	\$ 683.32
<b>CURRENT INVOICE DUE</b>	<b>\$ 2,615.96</b>

Due and Payable upon Receipt

Mail: K&L Gates LLP, K&L Gates Center - RCAC, 210 Sixth Ave, Pittsburgh, PA 15222

Wire Transfer Instructions: Receiving Bank: The Bank of New York Mellon, 500 Ross Street, Pittsburgh, PA 15262  
BIC Code: IRVTUS3N  
ABA: 043000261  
Beneficiary: K&L Gates LLP AIS Account  
Acct No.: 127-2657

When Initiating a wire transfer/ACH, please reference client/matter number on wire information and please send notification to RCAC\_East@klgates.com with details including dollar amount, date and client/matter/invoice number(s).  
Effective 2/28/2013, SWIFT / BIC Code will be changing from MELNUS3P to IRVTUS3N.



FEES

DATE	NAME	HOURS	DESCRIPTION	AMOUNT
11/04/13	G. P. Barbatsuly	0.30	Exchange e-mails with M. Napoli regarding case strategy in light of court's decision on motion for summary judgment; office conference with F. Cousland regarding same and potential viability of invoking offer of judgment rule	123.53
11/05/13	G. P. Barbatsuly	0.50	Telephone conversation with M. Napoli regarding strategy in light of court's decision on motion for summary judgment; office conference with F. Cousland regarding same and further consideration of offer of judgment rule	205.89
11/05/13	F. E. Cousland	1.20	Telephone conference with G. Barbatsuly and M. Napoli (.4); research offer of judgment rule (.8)	293.22
11/06/13	C. Arnott	0.29	Receive ECF notification and file into corresponding folder; Update attorney calendar to reflect scheduled telephone status conference	13.58
11/07/13	G. P. Barbatsuly	0.30	Office conference with F. Cousland regarding planning and preparation for trial; further consideration of preparation of pre-trial order	123.53
11/08/13	F. E. Cousland	0.70	Research J. Simandle's pre-trial requirements	171.05
11/11/13	William F. Kirchoff	1.00	Search for several examples of pre-trial orders from Judge Simandle of the US District Court of New Jersey, for Fiona Cousland.	199.10
11/13/13	F. E. Cousland	1.80	Draft offer of judgment	439.83
11/20/13	G. P. Barbatsuly	0.40	Further plan and prepare for scheduling conference; office conference with F. Cousland regarding same; appear for and attend same	164.71
11/20/13	F. E. Cousland	0.70	Attend court status conference (.4); telephone call from R. Gray (.3)	171.05

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Invoice # 2871121

1203981.00004

Page 3 of 3

<u>DATE</u>	<u>NAME</u>	<u>HOURS</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
11/21/13	C. Arnott	0.40	Receive ECF notification and file into corresponding folder; Review scheduling order and update attorney calendar with deadlines set forth within	27.15
TOTAL FEES			7.50 hrs	\$ <u>1,932.64</u>

### TIMEKEEPER SUMMARY

C. Arnott	0.60 hrs at	\$ 67.88 / hr	40.73
G. P. Barbatsuly	1.50 hrs at	\$ 447.78 / hr	671.66
F. E. Cousland	4.40 hrs at	\$ 244.35 / hr	1,075.15
William F. Kirchoff	1.00 hrs at	\$ 199.10 / hr	199.10
TOTAL FEES			\$ <u>1,932.64</u>

### DISBURSEMENTS & OTHER CHARGES

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Westlaw Research	683.32
DISBURSEMENTS & OTHER CHARGES	\$ <u>683.32</u>

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**EXHIBIT "E"**

# K&L GATES

K&L GATES LLP  
ONE NEWARK CENTER  
TENTH FLOOR  
NEWARK, NJ 07102  
T 973.848.4000 F 973.848.4001 klgates.com  
Tax ID No. 25 0921018

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

Invoice Date : January 9, 2014  
Invoice Number : 2031595  
Services Through : December 31, 2013

1203981.00004 Tracy Moss Lawsuit

## INVOICE SUMMARY

Fees	\$ 3,649.43
<b>CURRENT INVOICE DUE</b>	<b>\$ <u>3,649.43</u></b>

### Due and Payable upon Receipt

Mail: K&L Gates LLP, K&L Gates Center - RCAC, 210 Sixth Ave, Pittsburgh, PA 15222

Wire Transfer Instructions: Receiving Bank: The Bank of New York Mellon, 500 Ross Street, Pittsburgh, PA 15262  
BIC Code: IRVTUS3N  
ABA: 043000261  
Beneficiary: K&L Gates LLP AIS Account  
Acct No.: 127-2657

When initiating a wire transfer/ACH, please reference client/matter number on wire information and please send notification to [RCAC\\_East@klgates.com](mailto:RCAC_East@klgates.com) with details including dollar amount, date and client/matter/invoice number(s).  
Effective 2/28/2013, SWIFT / BIC Code will be changing from MELNUS3P to IRVTUS3N.

FEEES

DATE	NAME	HOURS	DESCRIPTION	AMOUNT
12/03/13	C. Arnott	0.20	Receive ECF notification and file into corresponding folder; Review minute entry for telephone status conference	13.58
12/20/13	G. P. Barbatsuly	0.50	Receive and review plaintiff's proposed joint pretrial order; office conference with F. Cousland regarding same	205.89
12/20/13	F. E. Cousland	2.80	Review Plaintiff's proposed draft joint pre-trial order	684.18
12/23/13	F. E. Cousland	2.40	Draft joint final pre-trial order	586.44
12/27/13	G. P. Barbatsuly	0.20	Receive and review letter from Gray's bankruptcy counsel regarding settlement proposal; office conference with F. Cousland regarding same and strategy for joint pretrial order	82.36
12/27/13	F. E. Cousland	3.80	Draft pre-trial order	928.53
12/30/13	F. E. Cousland	4.70	Draft joint pre-trial order	1,148.45
TOTAL FEES			14.60 hrs	\$ <u>3,649.43</u>

TIMEKEEPER SUMMARY

C. Arnott	0.20 hrs at	\$ 67.88 / hr	13.58
G. P. Barbatsuly	0.70 hrs at	\$ 411.78 / hr	288.25
F. E. Cousland	13.70 hrs at	\$ 244.35 / hr	3,347.60
TOTAL FEES			\$ <u>3,649.43</u>

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**EXHIBIT "F"**

# K&L GATES

## 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 : February 12, 2014  
Invoice Number : 2896635  
Services Through : January 31, 2014  
Our File Number : 1203981

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### INVOICE SUMMARY BY MATTER

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

Fees	\$ 219.01	
<b>Total Amount Due This Matter</b>		<b>\$ 219.01</b>

<b>CURRENT INVOICE DUE - All Matters</b>		<b>\$ <u>219.01</u></b>
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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

Invoice # 2896635

1203981

Page 2 of 2

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

219.01

## FEES

<u>DATE</u>	<u>NAME</u>	<u>HOURS</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
01/07/14	J. R. Sanchez	0.60	Perform database queries in Ringtail and compile and provide results to J. Wright at George and Brothers	119.46
01/09/14	J. R. Sanchez	0.50	Perform database queries in Ringtail and compile and report results to J. Wright (George and Brothers)	99.55
TOTAL FEES			1.10 hrs	\$ <u>219.01</u>

## TIMEKEEPER SUMMARY

J. R. Sanchez	1.10 hrs at	\$ 199.10 / hr	<u>219.01</u>
TOTAL FEES		1.10 hrs	\$ <u>219.01</u>

## MATTER SUMMARY

Fees	\$ 219.01
<b>MATTER TOTAL</b>	<b>\$ <u>219.01</u></b>

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# K&L GATES

K&L GATES LLP  
ONE NEWARK CENTER  
TENTH FLOOR  
NEWARK, NJ 07102  
T 973.848.4000 F 973.848.4001 klgates.com  
Tax ID No. 25 0921018

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

Invoice Date : February 20, 2014  
Invoice Number : 2000585  
Services Through : January 31, 2014

1203981.00004 Tracy Moss Lawsuit

## INVOICE SUMMARY

Fees	\$ 9,060.93
<b>CURRENT INVOICE DUE</b>	<b>\$ <u>9,060.93</u></b>

Due and Payable upon Receipt

Mail: K&L Gates LLP, K&L Gates Center – RCAC, 210 Sixth Ave, Pittsburgh, PA 15222

Wire Transfer Instructions: Receiving Bank: The Bank of New York Mellon, 500 Ross Street, Pittsburgh, PA 15262  
BIC Code: IRVTUS3N  
ABA: 043000261  
Beneficiary: K&L Gates LLP AIS Account  
Acct No.: 127-2657

When initiating a wire transfer/ACH, please reference client/matter number on wire information and please send notification to RCAC\_East@klgates.com with details including dollar amount, date and client/matter/invoice number(s).  
Effective 2/29/2013, SWIFT / BIC Code will be changing from MELNUS3P to IRVTUS3N.

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Invoice # 2900585

1203981.00004

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## FEES

<u>DATE</u>	<u>NAME</u>	<u>HOURS</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
01/10/14	G. P. Barbatsuly	0.20	Office conference with F. Cousland regarding strategy for joint pretrial order	84.17
01/14/14	G. P. Barbatsuly	1.90	Review, revise, and edit draft joint pretrial order	799.58
01/15/14	G. P. Barbatsuly	0.80	Further review, revise, and edit joint final pretrial order	336.66
01/16/14	G. P. Barbatsuly	2.60	Further review, revise, and edit draft inserts to joint pretrial order; further review and analyze plaintiff's and Gray's portions to same	1,094.16
01/16/14	F. E. Cousland	2.40	Update final pre-trial order to include proposed exhibits and objections	608.16
01/17/14	G. P. Barbatsuly	2.70	Further review, revise, and edit draft joint pretrial order; office conferences with F. Cousland regarding same	1,136.24
01/21/14	F. E. Cousland	2.60	Review R. Gray's additions to final pre-trial order and revise order	658.84
01/23/14	G. P. Barbatsuly	0.50	Review, revise, and edit proposed joint pretrial order; office conference with F. Cousland regarding same	210.42
01/23/14	F. E. Cousland	2.60	Review Plaintiff's changes to proposed final pre-trial order and update draft order	658.84
01/27/14	G. P. Barbatsuly	1.10	Final plan and prepare for pretrial conference; office conferences with F. Cousland regarding same	462.91
01/27/14	F. E. Cousland	1.20	Review Plaintiff's and R. Gray's proposed exhibits in preparation for pre-trial conference	304.08
01/28/14	G. P. Barbatsuly	3.00	Appear for and attend final pretrial conference; confer with F. Cousland regarding strategy for same and follow-up to same; travel time relating to same	1,262.49
01/28/14	F. E. Cousland	3.00	Attend final pre-trial scheduling conference	760.20
01/29/14	F. E. Cousland	2.70	Draft chart of exhibits and trial objections	684.18
<b>TOTAL FEES</b>			27.30 hrs	<b>\$ 9,060.93</b>

Unofficial copy Travis Co. District Court Nevada L. Price

K&L GATES

Invoice # 2900585  
1203981.00004  
Page 3 of 3

TIMEKEEPER SUMMARY

G. P. Barbatsuly	12.80 hrs at	\$ 420.83 / hr	5,386.63
F. E. Cousland	14.50 hrs at	\$ 253.40 / hr	3,674.30
TOTAL FEES	27.30 hrs		<u>9,060.93</u>

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Unofficial copy Travis Co. District Clerk Velva L. Price

**EXHIBIT "G"**

# K&L GATES

**K&L GATES LLP**  
ONE NEWARK CENTER  
TENTH FLOOR  
NEWARK, NJ 07102  
T 973.848.4000 F 973.848.4001 klgates.com  
Tax ID No. 25 0921018

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

Invoice Date : March 10, 2014  
Invoice Number : 2909213  
Services Through : February 28, 2014

1203981.00004 Tracy Moss Lawsuit

## INVOICE SUMMARY

Disbursements and Other Charges	\$ <u>75.15</u>
<b>CURRENT INVOICE DUE</b>	<b>\$ <u>75.15</u></b>

### Due and Payable upon Receipt

Mall: K&L Gates LLP, K&L Gates Center - RCAC, 210 Sixth Ave, Pittsburgh, PA 15222

Wire Transfer Instructions: Receiving Bank: The Bank of New York Mellon, 500 Ross Street, Pittsburgh, PA 15262  
BIC Code: IRVTUS3N  
ABA: 043000261  
Beneficiary: K&L Gates LLP AIS Account  
Acct No.: 127-2657

When Initiating a wire transfer/ACH, please reference client/matter number on wire information and please send notification to RCAC\_East@klgates.com with details including dollar amount, date and client/matter/invoice number(s).  
Effective 2/28/2013, SWIFT / BIC Code will be changing from MELNUS3P to IRVTUS3N.

K&L GATES

Invoice # 2909213

1203981.00004

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**DISBURSEMENTS & OTHER CHARGES**

**DESCRIPTION**

**AMOUNT**

Travel Expenses G. Barbatsuly 1/28/14 travel to and from Conference in  
Camden,NJ

75.15

DISBURSEMENTS & OTHER CHARGES

\$ 75.15

Unofficial copy Travis Co. District Clerk Velva L. Price