

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 TWENTIETH MOTION FOR
APPROVAL OF PAYMENT OF PROFESSIONALS**

Eduardo S. Espinosa, court-appointed 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. On July 20, 2012, the Court approved a Plan of Distribution and again extending Mr. Espinosa’s appointment (the “Plan”). 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 Plan.

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 Dykema Cox Smith, 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.
- 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 retained Asset Servicing Group (“ASG”) to act as portfolio manager for the estate’s 47 (originally 54) policies of life insurance. 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 July and October 2015 are \$16,465.70. Copies of ASG’s Invoice numbers #1697, 1721, 1739 and 1762 in the amounts of \$3,951.85, \$4,432.52, \$4,369.54, and \$3,711.79, 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. In addition to fulfilling the estate's bookkeeping function (administering accounts payable, accounts receivable and bank reconciliations), prepared the cash use and source report, and maintains and updates investor contact information. BKD's fees for services rendered from July through September 2015 are \$1,110.00. A copy of BKD's Invoice number #572628 is 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: /s/ Michael D. Napoli

Michael D. Napoli

State Bar No. 14803400

DYKEMA COX SMITH
1201 Elm Street, Suite 1500
Dallas, Texas 75270
(214) 698-7837
(214) 698-7891 (Fax)
mnapoli@dykema.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 listed below, through the electronic filing manager if that counsel's e-mail address is on file or via e-mail, if not, on this 4th day of December 2017.

Jack Hohengarten Texas Attorney General Financial and Tax Litigation Division 300 W. 15 th Street, Sixth Floor Austin, Texas 78711-2548 (512) 475-3503 (512) 477-2348 fax jack.hohengarten@texasattorneygeneral.gov Counsel for the State of Texas	
John W. Thomas John R. McConnell George Brothers Kincaid & Horton, LLP 114 W Seventh, Suite 1100 Austin, Texas 78701-3015 (512) 495-1400 (512) 499-0094 fax jthomas@gbkh.com jmcconnell@gbkh.com Counsel for RV Receivers	Isabelle M. Antongiorgi Taylor Dunham, LLP 301 Congress Avenue, Suite 1050 Austin, Texas 78701 (512) 473-2257 (512) 478-4409 fax isongiorgi@tayloranddunham.com Counsel for HCF Receiver
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 gweisbart@wshllp.com mstorm@wshllp.com Counsel for the Cain Intervenor	Alberto T. Garcia III Garcia & Martinez, LLP 5211 W. Mile 17 ½ Road Edinburg, Texas 78541 (956) 380-3700 (956) 380-3703 fax albert@garmtzlaw.com voli@garmtzlaw.com Counsel for the Harrison Intervenor
Bogdan Rentea Rentea & Associates 1002 Rio Grande Street Austin, Texas 78701 (512) 472-0251 (512) 472-0278 brentea@rentealaw.com Counsel for Wendy Rogers	Meagan Martin Standly and Hamilton, LLP 325 N. St. Paul, Suite 3300 Dallas, Texas 75201 (214) 234-7900 (214) 234-7300 fax mmartin@standlyhamilton.com Counsel for HCF Investor Intervenor

Milton G. Hammond Law Office of Milton G. Hammond 6406 La Manga Drive Dallas, Texas 75248 (214) 642-0881 (972) 782-4540 fax <u>mghammondlaw@gmail.com</u> Counsel for the Marlow Intervenors	Carl Galant Nicholas P. Laurent McGinnis Lochridge & Kilgore, LLP 600 Congress Avenue, Suite 2100 Austin, Texas 78701 (512) 495-6000 (512) 495-6093 fax <u>cgalant@mcginnislaw.com</u> <u>nlaurent@mcginnislaw.com</u> Counsel for Third Party Defendants, Don James, Don James, and James Settlement Services
Benjamin S. DeLeon DeLeon & Washburn, P.C. 901 South Mopac Barton Oaks Plaza V, Suite 230 Austin, TX 78746 (512) 478-5308 (512) 482-8628 <u>bdeleon@dwlawtx.com</u> COUNSEL FOR MICHAEL MCDERMOTT	

6456321.1

/s/ Michael D. Napoli

Michael D. Napoli



Oklahoma City, OK 73116

Voice: (405) 753-9100

Fax: (405) 753-9397

SERVICE INVOICE

Invoice Number: 1697

Invoice Date: Aug 11, 2015

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. Espinoza
1201 Elm Street, Suite 3300
Dallas, TX 75270

Customer ID	Customer PO	Payment Terms	
Retirement Value		Net 15 Days	
Contact			Due Date
			8/26/15

Quantity	Description	Unit Price	Amount
49.00	ASG Policy Management Fee- July 2015	78.65	3,853.85
	Reimbursement Postage Charges		98.00

Thank you for your business!

Subtotal	3,951.85
Sales Tax	
Total Invoice Amount	3,951.85
Payment/Credit Applied	
TOTAL	\$ 3,951.85



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

SERVICE INVOICE

Invoice Number: 1721
Invoice Date: Sep 10, 2015
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
		9/25/15

Quantity	Description	Unit Price	Amount
48.00	ASG Policy Management Fee- August 2015	78.65	3,775.20
	Reimbursement Postage Charges		106.79
	Death Benefit Processing Fee RV027 DOD 08/08/2015		550.53

Subtotal	4,432.52
Sales Tax	
Total Invoice Amount	4,432.52
Payment/Credit Applied	
TOTAL	\$ 4,432.52

Thank you for your business!



SERVICE INVOICE

Invoice Number: 1739
 Invoice Date: Oct 7, 2015
 Page: 1

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

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
		10/22/15

Quantity	Description	Unit Price	Amount
47.00	ASG Policy Management Fee- September 2015	78.65	3,696.55
	Reimbursement UPS/ Postage Charges		113.46
	Reimbursement Death Certificate Expense		9.00
	Death Benefit Processing Fee RV0010 DOD 09/01/2015		550.53

Thank you for your business!

Subtotal	4,369.54
Sales Tax	
Total Invoice Amount	4,369.54
Payment/Credit Applied	
TOTAL	\$ 4,369.54



521 West Wilshire

Suite 200

Oklahoma City, OK 73116

Voice: (405) 753-9100

Fax: (405) 753-9397

SERVICE INVOICE

Invoice Number: 1762

Invoice Date: Nov 11, 2015

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. Espinoza
1201 Elm Street, Suite 3300
Dallas, TX 75270

Customer ID	Customer PO	Payment Terms
Retirement Value		Net 15 Days
Contact		Due Date
		11/26/15

Quantity	Description	Unit Price	Amount
47.00	ASG Policy Management Fee- October 2015	78.65	3,696.55
	Reimbursement UPS/ Postage Charges		15.24

Thank you for your business!

Subtotal	3,711.79
Sales Tax	
Total Invoice Amount	3,711.79
Payment/Credit Applied	
TOTAL	\$ 3,711.79



Two Warren Place
6120 S. Yale Avenue, Suite 1400
Tulsa, OK 74136-4223
918.584.2900 Fax: 918.584.2931

BKD Tax ID#: 44-0160260

INVOICE

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

AMOUNT ENCLOSED

\$

Date: 11/09/15

Page: 1

Client#: 0065995 - Invoice#: BK00522628

Please return top portion with payment

Client#: 0065995 - Invoice#: BK00522628

Professional Services provided in connection with: Accounting service for 3rd quarter 2015 which includes monthly accounts payable and cash receipts, reconcile bank accounts and AJEs to reconcile the balance sheet accounts. This also includes changing investor addresses, updating investor accounts, researching and reprinting investor distribution checks. This also includes the cash use and source report. 1,110.00

9.25 @ \$120 (agreed upon amount)

Invoice Total

\$ 1,110.00

Invoices are due upon receipt unless detailed in engagement letter.

Thank you for your business!

BKD, LLP • Two Warren Place • 6120 S. Yale Avenue, Suite 1400 • Tulsa, OK 74136-4223

Phone 918.584.2900 • Fax 918.584.2931