



K&L Gates, LLP 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.<sup>1</sup>

By its Order Regarding the First Application for Fees by the Receiver and Receiver's Counsel entered on October 26, 2010 (the "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, K&L Gates, LLP, for services rendered during the month of October 2011. The Receiver has incurred fees of \$18,144 during the period covered by this Application. He has retained the legal services of K&L Gates, which has incurred fees of \$57,236.78 for the month covered by this Application. Affidavit of

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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.

Eduardo S. Espinosa ("Espinosa Affid.") at ¶10-11 (attached as Exhibit 1). While substantial, these fees were both reasonable and necessary.

The fees charged by the Receiver and his counsel represent a discount of 19.88% from the usual and customary fees charged by K&L Gates. As a general matter, the charge for the services provided by K&L Gates is 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 K&L Gates. The Receiver is charging \$320/hour, which represents a 30% discount from his usual and customary rate of \$455/hour. In addition, K&L Gates has discounted its rates by 9.5% and further discounted its bills by approximately \$5,036. In the aggregate the discounts and write-offs associated with this Fee Application amount to \$18,698.51. Espinosa Affid at ¶6. The chart below summarizes the fees charged and the discounts applied.

Invoice Summary	
Services Rendered in:	October
Fees Requested	
Matter .00001	\$73,646.80
Bankruptcy	\$570.15
Matter .00003	\$1,163.83
<b>Total</b>	<b>\$75,380.78</b>
Receiver Incurred	\$25,798.50
Receiver Billed	\$18,144.00
Receiver adj	(\$7,654.50)
KLG Incurred	\$68,280.79
KLG Billed	\$57,236.78
KLG (9.5%) adj.	(\$6,008.28)
Write-offs	(\$5,035.73)
<b>Total Adj</b>	<b>(\$18,698.51)</b>

The fees incurred by the Receiver during the time period covered by this application are significantly less than experienced during the pendency of the unforeseen involuntary

bankruptcy. The fees related to the involuntary bankruptcy comprise less than 1% of the fees requested in this application.

#### **I. What Have We Accomplished During This Period**

During the period covered by this Application, the Receiver and his counsel devoted substantial attention to the prosecution of claims by the estate, to the refinement of a plan to repay the investors 100% of the amount invested and analyzing and validating the viability of alternative plan that have been and are being proposed. The significant tasks during this time period include:

- Maintaining investor communications, including responding to inquiries regarding this matter and the proposed class settlement with Kiesling, Porter, Kiesling & Free, and notifying investors of the availability of the Receiver's Report;
- Attending to the preservation of the estates' assets, including payment of premiums;
- Attending to post-proceeding, bankruptcy matters;
- Confirming the amounts invested as shown by physical files maintained by Retirement Value and Kiesling Porter and by accounting records maintained by Kiesling Porter;
- Engaging in discussions with various capital sources regarding potential transactions by which to increase the portfolio's returns, reduce its risk and accelerate distributions to the investors;
- Responding to due diligence inquiries and conducting due diligence regarding the potential transactions discussed above;
- Responding to inquiries from federal, state, county and municipal taxing and law enforcement authorities;
- Marshalling the settlements with Dick Gray and Kiesling, Porter Kiesling & Free. A settlement with Dick Gray resulting in the return of cash and property worth about \$650,000 to the estate is currently pending the Court's approval. The \$710,000 settlement with Kiesling Porter on behalf of the Receiver, the State and a class of investors lead by the Intervenors was recently finalized and funded.

- Responding to various motions by defendants, intervenors and third parties; including without limitation, Hill country Funding objections to the estate's settlement with Richard H. Gray;
- Drafting the proposed settlement agreement with David and Elizabeth Gray;
- Transitioning pursuit of third party claims to Receiver's contingency fee counsel, including without limitation the transfer of discovery, information, documents and work-product;
- Preparing of a 90 day budget regarding anticipated legal expenses; and
- Preparing for, regarding pending matters and the proposed scheduling thereof.

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

The 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 value of the portfolio depends upon the expected cash flow to and from the policies (premiums paid and benefits received) and the portfolio's structure. The Receiver has developed a plan of distribution and a plan for maximizing the value of the portfolio. Based on his research and the results of the actuarial analysis prepared by his consultants, the Receiver believes that the best course of action is to consolidate the portfolio so that all claimants share in all of the assets of the estate and to hold the insurance policies until a substantial number of the policies have matured.<sup>2</sup>

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<sup>2</sup> The Receiver's view may change depending upon the progress of the discussions that are ongoing with various capital sources discussed below.

In May 2011, the Receiver prepared a report describing the findings of the actuaries and discussing his recommended plan to maximize the value of Retirement Value's assets. He also (i) prepared a formal plan of distribution and posted it for comment and (ii) filed a motion with the Court to approve his plan. The Receiver's plan anticipates a return to the investor-victims of approximately 100% of their investment plus or minus 20%, over the life of the portfolio. In addition, the plan provides for a distribution of approximately 10% of the investor-victims initial investment upon completion of a proof of claim process. The Court was set to consider the plan of distribution on August 15 but was preempted by the filing of the involuntary bankruptcy.

At the same time he was preparing his plan of distribution, the Receiver was also engaged in discussions (in person, in writing and by telephone) with several capital sources regarding alternative strategies for monetizing the portfolio for the benefit of the investors.<sup>3</sup> The capital sources ranged from private individuals, investment banking firms and a mutual fund advisor. Several different groups have entered into non-disclosure agreements with the Receiver to facilitate discussions and a data room has been created so that potential capital sources can conduct due diligence. The Receiver also consulted with the Intervenor's about certain of these options. The Receiver is still in the process of evaluating proposals; only one of which has advanced sufficiently far to merit serious consideration at this time. Before he will recommend an alternative to his plan of distribution, the Receiver must be convinced that the alternative will provide more money, less risk or faster payments to the investors – preferably all three – than his proposed plan. The Court recently ordered the Receiver to conclude his review and make his recommendation by January 3, 2012.

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<sup>3</sup> As of August 2011, none of these discussions had progressed far enough to be considered a viable option and none presented any basis for delaying consideration of the Receiver's plan.

The Receiver's plan is not without controversy and additional litigation before the Court will be necessary to determine the appropriate structure of the portfolio and the most equitable method of distributing assets to the claimants. Among other things, the following issues have been raised, researched and considered:

- A motion by the Bejcek Intervenors to reconsider the earlier decision by the Court to treat the Bejceks (and, by extension, other similarly situated investors) on the same basis as the other investors;
- An argument by a small number of investors in PLI140 for preferential treatment of their claims due to the maturity of PLI140; and
- A motion by the HCF Receiver to have the HCF estate and creditors absorbed by the Retirement Value estate.

These issues will need to be addressed before a plan can be adopted. The Receiver is engaged in ongoing discussions with various parties regarding these issues.

The Receiver and his counsel are also working to collect on claims owed to the estate. The Receiver has filed suit against David and Elizabeth Gray (former owners of Retirement Value) to recover the substantial sums of money paid to them by Retirement Value. This application includes approximately \$1,163.83 in fees that were incurred by Receiver's counsel in that matter. In addition, the Receiver engaged in negotiations with various other parties, including some licensees, towards the settlement of the estate's claims against them and made demand upon the various licensees who sold investments in the RSLIP. George & Brothers, LLP, on behalf of the Receivership, has filed suit against licensees and others to collect amounts owed to the estate.

Because of the expense and risk inherent in litigation, the Receiver is taking a deliberate approach towards the claims of the estate. As a general matter, the Receiver has attempted to engage in negotiations with those against whom the estate has claims rather than immediately filing suit. Moreover, the Receiver concentrated his initial efforts on claims that are either the

most likely to succeed or which provide for the largest potential recovery, including engaging in mediation with certain parties. This tactic has resulted in considerable success leading to settlements with Bruce Collins (reached without filing suit), Kiesling Porter (also reached without filing suit) and Dick Gray (reached before trial) worth some \$1.7 million. After consultation with the State and the Intervenors, we have decided to retain contingency fee counsel to prosecute claims against the licensees.

The Receiver has retained the law firm of George & Brothers, LLP, on a contingency fee basis, to prosecute claims against the licensees.<sup>4</sup> In August 2011, George & Brothers filed suit against more than 50 licensees and others owing money to the estate. In addition, it has begun to send demand letters to the remaining licensees and others in an effort to collect additional amounts on behalf of the estate. Licensees failing to respond to the demand letters will likely be joined in the suit. Attorneys at K&L Gates will continue to assist George & Brothers and to supervise their work in this matter.

## **II. What Work Remains to Be Done**

While a substantial portion of the Receiver's work has been completed, work remains to be done. At this point, our work can be divided into three categories: (i) litigation of claims by the estate against third parties; (ii) resolution of claims against the estate, and (iii) investigation and development of options to the plan that the Receiver proposed in May of 2011.

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

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<sup>4</sup> The Receiver will pay reimbursable expenses up to \$50,000 out of pocket and any additional expenses will be paid out of any recovery from the licensees.



the case. As the case progresses and contingency fee counsel develop the institutional knowledge that K&L Gates already possess, we anticipate that the need for assistance from K&L Gates will be minimal.

The resolution of claims against the estate relates mainly to the finalization of the plan of distribution and to the determination of the claims held by various persons against the estate. As discussed above, various groups of investors and others are engaged in disputes with the Receiver (which really means the other investors) over the proper manner in which to divide the estates assets among the investors. Although the various groups are differently situated, each wants the same thing – to have their claims treated preferentially to those of the other investors. Moreover, the Receiver believes that certain investors, most notably those investors who are also licensees, should recover less than they would otherwise be due because they have already received money from Retirement Value. We anticipate that those investors may well disagree with our position. In addition, given the state of Retirement Value's records, we anticipate that there are claimants whom we have not identified and some claimants whose claims may be larger than our records currently reflect. Resolution of these issues will require further litigation before the court.

We have been approached by a number of people and companies who have proposed various strategies for monetizing the portfolio to provide money to be distributed to the investors. Most of these have declined to move forward after seeing the Receiver's plan which provided greater returns than they were promising. Several remain, however. Two of these have progressed to the point where we anticipate receiving definitive proposals in the near future. Any proposal we receive will require extensive vetting. The Receiver will need to analyze the economics of the proposal (including modeling the insurance policies to be included), conduct a

legal, tax and regulatory analysis of the proposed transaction,<sup>5</sup> and perform due diligence on the various parties who would be involved in the proposal on a go-forward basis. In addition, any alternative to the plan would require the drafting and negotiation of transaction documents as well as a new order implementing the plan. We have filed a budget discussing the costs related to these tasks in greater detail.

#### 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>6</sup>

In evaluating the reasonableness of the fees, the Court should consider the following factors: (1) the time and labor involved, the novelty and difficulty of the questions involved, and the skill required to perform the legal services properly; (2) the likelihood that the acceptance of the particular employment will preclude other employment by the lawyer; (3) the fee customarily charged in the locality for similar legal services; (4) the amount involved and the results obtained; (5) the time limitations imposed by the client or the circumstances; (6) the nature and length of the professional relationship with the client; (7) the experience, reputation, and ability of the lawyer or lawyers performing the services; and (8) whether the fee is fixed or contingent

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<sup>5</sup> Because of there are more than 900 investors and the primary assets involved are policies of life insurance, every proposal that has been proposed presents significant tax and securities law issues.

<sup>6</sup> The Receiver has not acted as his own counsel; therefore all of his time is billed at his "Receiver" rate as opposed to a higher rate for his services as an attorney. *Espinosa Affid.* at ¶4.

on results obtained or uncertainty of collection before the legal services have been rendered. *Arthur Andersen & Co. v. Perry Equip. Corp.*, 945 S.W.2d 812, 818 (Tex. 1997).<sup>7</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 (900 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 and his April 2011 Report and these fee applications previously filed with the Court summarizes the work of the Receiver and his counsel.

*Preclusion of other employment.* K&L Gates has not 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 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 K&L in this case are the usual and customary fees that it charges to and collects from its clients for the services of the attorneys and

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<sup>7</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.

other professionals working on this matter, except that the Receiver is charging 30% less than his usual and customary rate 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.

Every year, K&L Gates undertakes an analysis of the markets in which it operates in order to determine the appropriate fees to charge for its professionals based on the fees charged by its competitors and peer firms. The goal of this analysis is to set rates for each professional at the median rate for professionals at peer firms in similar practices areas and similar experience. Accordingly, the rates charged by 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 17 months on the job, the Receiver has actively managed the affairs of the Alleged Debtor and discharged his State-Court imposed duties. All told, the Receiver has brought nearly \$15 million into the estate over the course of the Receivership Action.<sup>8</sup> He has filed a plan of distributions that promises to

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<sup>8</sup> These recoveries include (i) \$1.25 million secreted by the principals of the Alleged Debtor into Special Acquisitions, Inc.; (ii) \$560,000 and 8 policies of insurance worth about \$1.4 million collected from James Settlement Services; (iii) \$124,000 in cash and \$195,000 in debt-reduction from a settlement with Bruce Collins; (iv) \$710,000 in a settlement with Kiesling Porter; (v) \$650,000 in cash and assets from a settlement with Dick and Catherine Gray (this settlement was due to be approved by the State Court on August 15 at a hearing that was postponed due to the filing of the Involuntary Petition; (vi) \$10,117,534 collected from Pacific Life on the PLI140 policy, which was initially disputed by Pacific Life; and (vii) \$34,564 in recovered state franchise taxes.

repay investors between 80% and 120% (\$62.5 million to \$92.5 million) of their investment, including an immediate 10% or \$7.7 million.

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

*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, K&L Gates has provided a discount of 19.88% off of the fees it would normally charge for the work performed during this time period.

*Experience, reputation, and ability of the professionals.* K&L Gates is one of the world's premier law firms. It comprises nearly 2,000 lawyers who practice in 39 offices located on four continents. 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.

Additionally, the Receiver is tasked with preserving Retirement Value's assets for the benefit of the investors, which requires, among other things, that the Receiver perpetuate certain aspects of Retirement Value's operations. By April 2010, Retirement Value was subject to the

TSSB's cease-and-desist order which curtailed the sell side of its operations, effectively providing a benchmark for its administration expenses. By comparison, the Receiver's fees are significantly less than Retirement Value's April 2010 benchmark. The table below reflects the efficiencies recognized by the Receiver in administering the estate's assets, as compared to Retirement Value.

	Retirement Value (April 2010)	Receiver's Average Monthly Fees (Application Period)	Average Efficiencies Recognized
<i>Expenses</i>			
Payroll	161,598.27		
Other Expenses	<u>107,384.87</u>		
<i>Total Expenses</i>	<u>\$268,983.14</u>	\$ 75,380.78	\$193,602.36

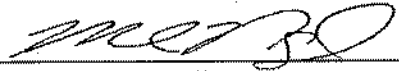
The fees requested for services rendered in the month covered by this Application are \$193,602 less than Retirement Value's expenses in April 2010. Moreover, the fees requested in this application are 44% less than the average monthly fees in all preceding fee applications.

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 attractiveness of alternatives to the plan and the degree of due diligence efforts undertaken that are necessary and appropriate in order to recommend that such alternative strategy be implemented. It will also depend upon other circumstances beyond the control of the Receiver such as the filing of claims against Retirement Value by investors or non-investor claimants as well as the cooperation of the Defendants. The more the Defendants and others cooperate with the Receiver, the lower the fees incurred by the Receiver and his counsel will be. The converse is also true.

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

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

Respectfully submitted,



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ATTORNEYS FOR THE COURT-APPOINTED  
RECEIVER OF RETIREMENT VALUE, LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above pleading has been served on the following, via certified mail, return receipt requested and e-mail on this the 18th day of November 2011:

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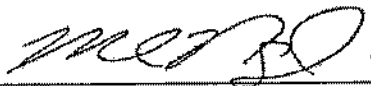
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\_\_\_\_\_  
Michael D. Napoli



# Exhibit 1



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 Eighth Application for Fees by the Receiver and Receiver's Counsel (the "Application").

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

5. Attached to this Affidavit as Exhibits A and B are redacted copies of K&L Gates' invoices 2480953 and 2480963, respectively (the "Invoices"). The Invoices detail the services performed, during the month of October, 2011, by: (a) myself as Receiver; and (b) K&L Gates as Receiver's counsel. At the end of each 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.

6. As a general matter, the charge for the services provided by K&L Gates is determined by multiplying the total number of hours worked by each timekeeper by that timekeeper's billing rate.

The fees charged by the Receiver and his counsel represent a discount of approximately 19.88% from the usual and customary fees charged by 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 30% discount from his usual and customary rate of \$455/hour. In addition, K&L Gates has discounted its rates by 9.5% and further discounted its bills by approximately \$5,036. In the aggregate the discounts and write-offs associated with this Fee Application amount to \$18,698.51. The chart below summarizes the fees charged and the discounts applied.

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KLG (9.5%) adj.	(\$6,008.28)
Write-offs	(\$5,035.73)
<b>Total Adj</b>	<b>(\$18,698.51)</b>

7. I have personal experience working with every person billing time to this matter, they are each of high quality and their 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 year, K&L Gates undertakes an analysis of the markets in which it operates in order to determine the appropriate fees to charge for its professionals based on the fees charged by its competitors and peer firms. The goal of this analysis is to set rates for each professional at the median rate for professionals at

peer firms in similar practices areas and similar experience. Accordingly, the rates charged by K&L Gates in this matter are well within the norm for firms of its 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 K&L Gates 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 \$18,144.00. The amount billed for my counsel's professional services during the period covered by this application is \$57,236.78. 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 from October 1, 2011 through October 31, 2011 are reasonable.

11. I have reviewed K&L Gates' invoices for services rendered from October 1, 2011 through October 31, 2011. Based on my experience and knowledge of this matter, the work performed by my staff from October 1, 2011 through October 31, 2011 was reasonable and necessary to properly allow me to fulfill my duties and responsibilities in this case.

12. In addition, the Receiver is tasked with preserving Retirement Value's assets for the benefit of the investors, which requires, among other things, that the Receiver perpetuate


certain aspects of Retirement Value's operations. The Receiver's fees are substantially less than Retirement Value's operating expenses in April 2010. April 2010 is significant because Retirement Value was already subject to the TSSB's cease-and-desist order that curtailed the sell side of its operations, effectively providing a benchmark for its administrative expenses. The table below reflects the efficiencies recognized by the Receiver in administering the estate's assets, as compared to Retirement Value.

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Other Expenses	<u>107,384.87</u>		
<i>Total Expenses</i>	<u>\$268,983.14</u>	\$ 75,380.78	\$193,602.36

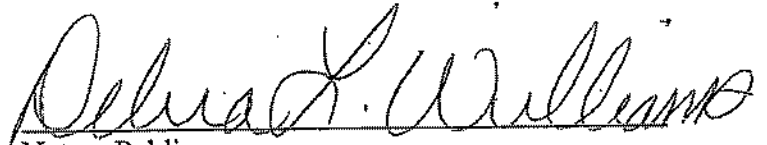
The fees requested for services rendered in the month covered by this Application are approximately \$193,602 less than Retirement Value's expenses in April 2010. Moreover, the fees requested in this application are 44% less than the average monthly fees in all preceding fee applications.

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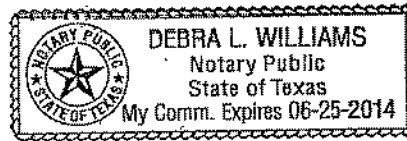
FURTHER AFFIANT SAYETH NOT.

  
Eduardo S. Espinosa

SUBSCRIBED AND SWORN TO BEFORE ME this 18<sup>th</sup> day of November 2011.

  
Notary Public

My Commission Expires:



# Exhibit A



**K&L | GATES**

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

Tax ID No. 26 0921018

T 214.939.5500

www.klgates.com

**PRIVILEGED AND CONFIDENTIAL  
DO NOT DISCLOSE**

The Estate of Retirement Value, LLC  
c/o Eduardo S. Espinosa, Receiver  
1717 Main Street, Suite 2800  
Dallas, TX 75201

November 7, 2011  
Invoice: 2480953  
Matter Desc.: State of Texas vs.  
Retirement Value LLC, et. al.  
Client/Matter #: 1203981.00001

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This statement covers fees for legal services rendered for your account during the period ending 10/31/2011.  
Detailed information regarding these fees is attached.

**Current Charges:**  
Fees

74,216.95

**Total Current Charges**

**\$74,216.95**

PAYMENT FOR "CURRENT AMOUNT" IS DUE IN FULL ON OR BEFORE DECEMBER 7, 2011

*Please Return a Copy of This Page With Your Payment to K&L Gates, RCAC, 925 Fourth Avenue, Suite 2900, Seattle, Washington 98104-1158, Reference Invoice: 2480953*

*Payment Can Also be Made by wire to: US Bank, Private Financial Services, 1420 5<sup>th</sup> Ave. Suite 2100, Seattle, WA 98101, ABA Routing Number: 125000105, Account # 153557906580, Reference Invoice 2480953*

**PRIVILEGED AND CONFIDENTIAL  
 DO NOT DISCLOSE**

The Estate of Retirement Value, LLC  
 c/o Eduardo S. Espinosa, Receiver  
 1717 Main Street, Suite 2800  
 Dallas, TX 75201

November 7, 2011  
 Invoice: 2480953

**FOR PROFESSIONAL SERVICES RECORDED AS OF 10/31/11:**

Matter: 1203981.00001

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

<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
10/3/11	Brown, A. G.	0.20	37.11	Review incoming documentation and update investor file with same (.2)
10/3/11	Espinosa, E. S.	4.60	1,472.00	Telephone conference with K. Hale (investor)(.6); telephone conference with D. Piscott at JSD regarding Office Depot, conform via email (.6); review SEC/Milkie correspondence (.2); correspond with a. Cullen at ASG (.2); review and revise website updates (.4); correspond with BKD regarding accounting entries (.3); draft Application for Professional Fees #6 (1.4); review correspondence regarding proposed order (.1); correspond with B. Matkani at Lewis & Ellis regarding invoicing (.2); preparation for Vida meeting (.6)
10/3/11	Morenoff, D.	1.00	380.10	Confer with Receiver concerning response to Petitioners' proposal of additional ruling (0.2); draft response to same (.6); upload order (.2)
10/3/11	Napoli, M. D.	4.40	2,150.28	Teleconference with G Weisbart (.3); prepare for Vida meeting (3.0); e-mail correspondence with J Parsons re hearings (.1); prepare motion to sever (1.0)
10/4/11	Espinosa, E. S.	1.70	544.00	Meeting with Vida Capital (1.5); telephone conference with P. Quigley at TDI (.2)
10/4/11	Espinosa, E. S.	6.50	No Charge	Travel round trip to Austin (6.5)
10/4/11	Morenoff, D.	0.30	114.03	Obtain Court's order on abstention and circulate same to team (.3)
10/4/11	Napoli, M. D.	2.00	977.40	Attend hearing on class settlement (.5); meet with Vida Capital (1.5)
10/4/11	Napoli, M. D.	6.50	No Charge	Travel to Austin (3.0); travel to Dallas (3.5)

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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
10/5/11	Brown, A. G.	0.60	111.32	Conduct and respond to telephone inquiry of one investor (.2); review and organize documents in preparation for filing Receivers Sixth Motion to pay professional non-KLG fees, revise same and file with court (.4)
10/5/11	Espinosa, E. S.	1.10	352.00	Telephone conference with P. Quigley re Rogers SOAH hearing (.6); correspond with D. Young re Vida's NDA (.3); correspond with J. Donaldson a GFCU re CD renewal (.2).
10/5/11	Espinosa, E. S.	0.60	192.00	Correspond with R. Kipp & T. Cross re State Tax Refund (.2); telephone conference with CLWSC (.2); Correspond with D. Horowitz and M. Napoli (.2)
10/5/11	Napoli, M. D.	1.50	733.05	Review Mortensen order (.1); teleconference with J Thomas re licensee claims (.3); review Vida NDA (.1); teleconference with G Pronske (.4); e-mail correspondence with T Moran and S Gibson re Beste and Vida due diligence (.2); work on scheduling order for plan of distribution (.4)
10/6/11	Brown, A. G.	0.30	55.66	Conduct and respond to telephone inquiry from one investor (.3)
10/6/11	Espinosa, E. S.	1.70	544.00	Correspond with S. Gibson regarding due diligence (.1); correspond with C. Searcy (investors counsel) regarding claims (.2); review and execute NDA with Vida; correspond with ASG regarding same (.3); confer with D. Young regarding Snyder Keaney's due diligence (.1); correspond with R. Kipp and T. Cross regarding state audit (.2); correspond with P. Quigley; review Affidavit to Exhibit (.4); telephone conference with P. Maule regarding HIPPA expense (.4)
10/6/11	Napoli, M. D.	6.00	2,932.20	Investigation of Mike Beste, Vertical Capital, Coit Capital, Vida Capital
10/7/11	Espinosa, E. S.	3.20	1,024.00	Telephone conference with T. Cross regarding exit interview on state audit (.2); telephone conference with P. Maule regarding due diligence of Vida (.3); correspond with Vida et al regarding due diligence (.7); review correspondence from Wells Fargo (.4); correspond with A. Goldate regarding update (.1); confer with M. Dietz regarding scheduling (.1); emails and calls with M.B. Borgwing (.1); review Vida PPM; Sales Agreement and ancillary documents (1.2); correspond with K. Hinkle at ASG regarding Due diligence (.1)
10/7/11	Kennedy, A. R.	0.30	No Charge	Research Westlaw to Keycite 229 B.R. 691 and locate appellate case opinion reversing in part and affirming in part lower court opinion, per D.

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10/7/11	Napoli, M. D.	4.10	2,003.67	Morenoff's request Review and comment on correspondence from S Crohn of Vida re proposal (.1); continue investigation re Beste, Vertical Capital, Coit Management and Vida Capital (4.0)
10/8/11	Espinosa, E. S.	1.50	480.00	Review Vida Fund materials (1.0); telephone conference with S. Gibson (.5)
10/10/11	Brown, A. G.	0.50	92.76	Review incoming filing from Trinity Settlement Services re Amicus Brief in Opposition to Plaintiff's Motion for Partial Summary Judgment and forward to attorneys for review (.3); conduct and respond to telephone inquiry of one investor (.2)
10/10/11	Dietel, K.	1.20	434.40	Confer with M. Napoli regarding amicus brief (.2); review standard regarding filing of amicus brief (.8); draft e-mail correspondence to M. Napoli regarding same (.2)
10/10/11	Espinosa, E. S.	3.10	992.00	Reconcile invoices for April - August (1.2); revise September Invoice and reconcile expenses (.3); review Trinity's Amicus Brief (.4); confer with M. Napoli regarding NDA revision, review same (.4); email M.B. Borgwing (.1); Confer with M. Napoli regarding Amicus Brief, budget and Vida valuation (.7)
10/10/11	Napoli, M. D.	7.00	3,420.90	Review and analyze correspondence from S Crohn of Vida including valuation of Vida portfolio (.6); confer with E Espinosa re Vida proposal (.2); review and analyze amicus brief filed by Trinity Settlement (.5); e-mail correspondence with J Thomas and J George re amicus (.2); Beste due diligence memo (5.5)
10/11/11	Brown, A. G.	0.80	148.42	Review case filings and prepare documents for loading to website
10/11/11	Espinosa, E. S.	3.60	1,152.00	Telephone conference with M.B. Borgwing, T. Laffe and M. Napoli regarding stalking horse bidder (.5); confer with M. Napoli regarding same (.2); telephone conference with VidaCapital, Lewis & Ellis (Kansas and Dallas) ASG and K&L regarding due diligence (1.0); confer with M. Napoli regarding same (.5); various emails regarding scheduling, Rogers, etc. (.3); review Beste's charges and NDA (.4); corresponding with M. Napoli and A. Brown regarding website (.2)
10/11/11	Napoli, M. D.	7.70	3,762.99	Teleconference with M Borgwing, T Lahiff and E Espinosa (0.4); teleconference with Vida team (.8); teleconference with J. Lee and S Gibson (.5); confer with E Espinosa on due diligence plan for

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10/12/11	Brown, A. G.	0.90	166.98	Vida (1.0); prepare Beste due diligence memo (5.3); e-mail correspondence with G Pronske re NDA (.1); analysis of jurisdiction waiver requested by Pronske (.3); teleconference with B Rentea (.3) Conduct and respond to telephone inquiry from one investor (.2); review case filings and prepare documents for loading to website (.7)
10/12/11	Dietz, M.S.	1.00	533.95	Review discovery (.3); review emails and telephone conference with E. Espinosa and Mike Napoli regarding status and strategy (.5); telephone call and email to James Parsons regarding status conference (.2)
10/12/11	Espinosa, E. S.	3.40	1,088.00	Working session with M. Napoli and M. Dietz (.5); Correspond with J. Thomas re Beste and minimum contacts with Texas (.3); Cover with M. Napoli and A. Brown re website update (.2); Layout budgeting plan for RV (1.2); Transmit NDA to M.B. Brogwing and T. Laffe (.2); Review HCF interrogatories (.2); Confer with W. Giles at Wells Fargo re TIN Certificates and closing of brokerage accounts (.4); Correspondence with litigants regarding proposed changes to agreed order appoint J. Mortensen (.2); correspond with E. Maxwell at ASG re executed NDA (.2).
10/12/11	Napoli, M. D.	6.30	3,078.81	Teleconferences with M Deitz re status conference and restarting receivership case (.3); e-mail correspondence with court re status conference (.2); teleconference and e-mail communication with J Thomas re Beste request for personal jurisdiction waiver in NDA and litigation strategy against licensees (.5); review legal research by J Thomas re personal jurisdiction waiver (.3); review and revise list of pleadings to be added to website (.3); review interrogatories and requests for admission from HCF (.2); continue preparation of Beste due diligence memo (4.3); review proposed changes by B Rentea to Mortensen order and e-mail correspondence with G Weisbart, J Mortensen re same (.2)
10/13/11	Brown, A. G.	1.80	333.95	Conduct research for information on licensees Kip Hartman, Ken Petticolas and Adam Feik and prepare for delivery to response to Idaho Dept. of fiance
10/13/11	Espinosa, E. S.	5.50	1,760.00	Draft budget outline; review historical billing (1.7); working session with M. Napoli regarding budget (.5); draft Fee App #7 (.6); confer with A. Brown and G. Quisoner regarding website updates

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10/13/11	Napoli, M. D.	7.50	3,665.25	(.4); correspond with W. Giles at Wells Fargo (.2); correspond with P. Dennis at BKD regarding bank statements (.2); review D. Gray proposed settlement, confer with M. Napoli and K. Dietal regarding same (.3); correspond with M. Malone at Snyder Kearney regarding due diligence report (.2); telephone conference with K. Reid at ASG regarding Network Access complete authorization request and submit (.5); Wells Fargo account maintenance (correct preferences) (.3); correspond with L. Edward regarding 3606 maintenance issues (.2); confer with M. Napoli regarding Beste's NDA, & press inquiries (.4) E-mail correspondence with G Pronske re NDA (.2); teleconference with J Thomas re meeting with B. Rentea (.3); review insurance portfolio information from Vida Capital (.3); confer with E Espinosa re same (.1); e-mail to J Lee re analysis of Vida information and preparation RV due diligence information (.1); respond to inquiries from D Horowitz (1.5); prepare Beste due diligence memo (5.0)
10/14/11	Brown, A. G.	0.90	166.98	Conduct research for information on licensees Kip Hartman, Ken Petticolas and Adam Feik and finalize for delivery to response to Idaho Dept. of Finance
10/14/11	Espinosa, E. S.	0.60	192.00	Online remittance to CLWSC (.2); Coordinante response to Idaho securities administrator (.2); correspond with J. Thomas re status report (.1); correspondence with A. Cullen @ ASG re invoicing and remittance advice (.1)
10/14/11	Napoli, M. D.	7.60	3,714.12	Prepare correspondence to N Ax (Idaho Securities Bureau) (1.5); teleconferences with J Thomas & J Petterson re sales by licensees (.5); review revised Mortensen order (.1); e-mail correspondence with counsel re revisions to Mortensen order (.1); e-mail correspondence with J Lee re Vida due diligence materials (.1); e-mail correspondence with J Thomas re demand letters (.1); e-mail correspondence with E Espinosa re domain names (.1); prepare memo to J Hohengarten and A Goldate re Beste (.5); revise Beste due diligence memo (3.5); teleconference with G Pronske re NDA (.4); e-mail correspondence with G Pronske re Beste payments from Retirement Value (.2); e-mail correspondence with D Horowitz (0.4); review status report from J Thomas re licensee

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10/17/11	Napoli, M. D.	4.10	2,003.67	litigation (.1) Revise memo to J Hohengarten and A Goldate re Beste (.2); teleconference with J Hohengarten (.5); prepare e-mail to counsel re scheduling conference (.3); revise NDA language (.5); e-mail correspondence to G Pronske re NDA language (.1); e-mail correspondence with E Espinosa re changes to NDA (.1); e-mail correspondence with J Lee re Vida due diligence (.1); work on Vida due diligence memo (2.3)
10/18/11	Brown, A. G.	0.20	37.11	Conduct and respond to telephone inquiry from one investor (.2)
10/18/11	Dietz, M.S.	0.10	No Charge	E-mails regarding hearing and status conference.
10/18/11	Espinosa, E. S.	3.10	992.00	Confer with M. Napoli an re Beste NDA, HCF's Receiver's objection to Gray settlement and post-Beste call commentary (1.1); Confer with G. Quinones re website update and transfer of internet IP from B. Harloff (.4); telephone conference with M. Beste, G. Pronske and M. Napoli re due diligence and broad stroke outline of VCH/Coit Capital proposition (1.0) Review Rogers Request for Production (.3) Correspond with T. Laffe and M.B. Borgwing (.2); Review correspondence with N. Ax at IA Securities Administrator (.1)
10/18/11	Morenoff, D.	0.20	76.02	Confer with E. Espinosa on progress of talks with Mike Beste concerning potential offer not yet made
10/18/11	Napoli, M. D.	7.30	3,567.51	Further correspondence with N Ax (05); revise NDAs for Vertical Capital (.4); teleconference with G Pronske re NDAs (.1); review Rogers discovery to TSSB (.1); teleconference and e-mail correspondence with J Thomas re licensee claims (.2); e-mail correspondence with I Antongiorgi (.1); e-mail correspondence with R Gray (.1); prepare for and attend teleconference with M Beste, G Pronske and E Espinosa re VCH proposal (1.4); due diligence research Vida Capital (3.0); teleconference with J Hohengarten (.8); review policy data from J Lee (.4); e-mail correspondence with T Lahiff & M Borgwing re proposal and NDAs (.3)
10/19/11	Brown, A. G.	0.50	92.76	Conduct and respond to telephone inquiry of one investor (.2); review incoming documentation and update case file (.1); review incoming email and draft responses (.2)
10/19/11	Espinosa, E. S.	1.30	416.00	Correspond w/ M.B. Borgwing, T.Laffe and M.Naspoli re 10/21 conference call (.2);

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10/19/11	Napoli, M. D.	7.30	3,567.51	correspond with J. Lee @ Lewis & Ellis re due diligence data (.2); correspond with P. Dennis @ BKD re A/P(.1); Review VCH's NDA and G. Pronske correspondence (.2); confer with M. Napoli re VCH proposal '34 & '40 Act issues and comparison with Vida Capital (.6) Review CTW notice of limited appearance (.1); prepare e-mail correspondence to L Vickers re November hearing (.1); prepare memo re Beste/VCH proposal, including economic analysis based on Beste assumptions (4.0); teleconference with J Thomas re licensee claims and settlement strategy (.8); e-mail correspondence with J Thomas re Rogers settlement strategy (.1); review settlement demand to C Gray (.1); due diligence research re Vida proposal (1.0); confer with E Espinosa re VCH and Vida proposals (.5); e-mail correspondence with T Lahiff re additional proposal and NDA (.2); e-mail correspondence and teleconferences with P Maule and A Cullen re VCH due diligence requests (.4)
10/19/11	Sanchez, J. R.	0.30	No Charge	Prepare production DVDs for George and Brothers.
10/20/11	Brown, A. G.	0.30	55.66	Conduct and respond to telephone inquiry from one investor
10/20/11	Espinosa, E. S.	2.80	896.00	Process A/P instructions for BKD (.3); Execute and transmit VCH NDA (.2); Draft Fee App #7 (2.3)
10/20/11	Napoli, M. D.	4.50	2,199.15	Review proposed demand letter to licensees (.3); prepare memo re Vida proposal and due diligence (2.5); confer with E Espinosa re Beste proposal, Vida proposal and due diligence information s (.5); e-mail correspondence re Mortenson order (.1); e-mail correspondence with G Pronske re Beste (.1); research liquidating trusts (1.0)
10/21/11	Brown, A. G.	0.20	37.11	Conduct and respond to telephone inquiry of one investor (.10); draft email response to investor question (.1)
10/21/11	Espinosa, E. S.	3.80	1,216.00	Telephone conference with B. Ward (investor) (.2); telephone conference with M.B. Borgwing, T. Laffe, and S. Giuffre (1.0); confer with M. Napoli re Giuffre/Borgwing solicitation (.4); correspond with aSG re data access for VCH representative (.4); draft Fee App #7 and Affid (1.8).
10/21/11	Napoli, M. D.	6.20	3,029.94	Revise memo re Vida's revised proposal (.3); teleconference with E Espinosa and M. Malone of Snyder Currey re Vida due diligence report (.4);



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10/22/11	Espinosa, E. S.	2.10	672.00	teleconference with E Espinosa, M Borgwing, T Lahiff, S Giuffre, A Benjamin re proposal by Giuffre Risk Solutions (1.0); confer with E Espinosa re Giuffre pitch and Malone call (.5); research Giuffre Risk Solutions (.5); e-mail correspondence with various persons re access to data for VCH (.2); teleconference with J Thomas re settlement with Rogers and Gray (.3); continue research re liquidating trusts (2.0); continue due diligence research on Vida Capital (1.0)
10/22/11	Espinosa, E. S.	1.6	672.00	Revise draft affidavit (.5) Draft Budget worksheet (1.6)
10/24/11	Brown, A. G.	0.40	74.21	Conduct and respond to telephone inquiry from one investor (.3); review investor record and confirm investment (.1)
10/24/11	Dietz, M.S.	0.20	106.79	Telephone message to James Parsons regarding status conference setting and e-mail regarding same (.2)
10/24/11	Espinosa, E. S.	2.10	672.00	Working session with M. Napoli re Budget, Scheduling Order (1.8); correspond with K. BenneGray @ ASG re VCH's data access (.3)
10/24/11	Napoli, M. D.	7.00	3,420.90	Revise Fee App 7 (5.2); working session with E Espinosa re budget and scheduling order for plan of distribution approval (1.8)
10/25/11	Brown, A. G.	0.80	148.42	Conduct and respond to telephone inquiries of two investors (.5); draft letter to investor enclosing report and mail same (.2); conduct research for investor address (.1)
10/25/11	Espinosa, E. S.	3.00	960.00	Telephone conference with J. D'Angelo (investor) (.4); telephone conference with S. Giuffre, A. Benjamin, M.B. Borgwing and M. Napoli (1.5); Working Session Plan Approval, fee app (.5); telephone conference with M. Kaye (investor) (.2); review draft Fee App #7 (.4)
10/25/11	Napoli, M. D.	6.30	3,078.81	Working session with E Espinosa re scheduling of plan approval and budget (.5); prepare Fee App 7 (3.5); attention to data access issues for Vertical Capital (.2); teleconference with E. Espinosa, S Giuffre and A Benjamin re proposal(1.5); teleconference with G Weisbart (.4); review proposal from Michael Kaye (.2)
10/26/11	Brown, A. G.	0.20	37.11	Conduct and respond to telephone inquiry from one investor (.2)
10/26/11	Dietz, M.S.	0.20	106.79	Review emails regarding motions, hearing (.2).
10/26/11	Espinosa, E. S.	4.40	1,408.00	Telephone conference with S. Gibson, J. Lee and M. Napoli regarding reconciliation with Vidal valuation and modeling of combined portfolio

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10/26/11	Meer, C. J.	0.60	434.40	(1.5); telephone conference with S. Crohn, A Metzger and M. Napoli regarding Vida due diligence and progress (1.0); telephone conference with C. Meers regarding '34 and '40 Act issues (12g, qualified purchaser, inadvertent inv company) (.5); finalize affidavit and fee app (0.4); transfer November premiums to ASG (.4); correspond with A. Cullen regarding same (.2); reload Chase operating account (.2); correspond with P. Dennis at BKD regarding transfers (.2) Conversation with E. Espinosa and M. Napoli regarding whether liquidating trust could be a qualified purchaser and inadvertent investment company issues
10/26/11	Napoli, M. D.	5.50	2,687.85	Teleconference with E Espinosa, S Gibson and J Lee re analysis of Vida fund (1.3); confer with E Espinosa re analysis (.5); teleconference with S Crohn, A Metzger, E Espinosa re Vida proposal (.8); teleconference with C Meer re 40 Act issues for Vida proposal (.6); confer with E Espinosa re same (.3); revise fee app, affidavit in support and budget (2.0)
10/27/11	Brown, A. G.	1.80	333.95	Review and revise Seventh Application for Fees; prepare and redact exhibits to affidavit; file same with court
10/27/11	Espinosa, E. S.	0.70	224.00	Revise Vida Fund documentation (.4); correspondence with S. Crohn (.1); correspond with T. Laffe regarding Project Outline (.2)
10/28/11	Espinosa, E. S.	0.20	64.00	Conference with B. Majumder and P. Slinkard regarding Westlake and Austin; correspond with BKD regarding QB updates (.2)
10/31/11	Brown, A. G.	0.40	74.21	Conduct and respond to telephone inquiry from two investors (.2); office conference with E. Espinosa regarding updating website postings (.2)
10/31/11	Espinosa, E. S.	2.60	832.00	Telephone conference with R. Finch at Westlake Securities regarding Vida due diligence (.5); correspond with K. Bennegray at ASG regarding access for E. Hoyos at Vida (.3); correspond with A. Goldate, M. Napoli regarding M. Rosansen (licensee) (.1); confer with A. Brown regarding website update (.3); correspond with P. Dennis regarding QB adjusting entries (.2); telephone conference with M. Kaye regarding Redemption Strategy (.5); correspond with D. Young at vida and M. Napoli (.1); review November premium payment and reconcile notice from W. Penn (.4); update premium tracking spreadsheet (.2)

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10/31/11	Meer, C. J.	0.80	579.20	Begin review of issues relating to investment in Vida fund
10/31/11	Napoli, M. D.	1.80	879.66	Research and correspondence with A Goldate re licensee target (.4); teleconference with J Thomas (.2); review correspondence from Thomas to B Rentea (.1); e-mail correspondence with B Rentea re Thursday hearing (.1); review sample actuarial reports re Vida (.4); e-mail correspondence with J Lee re Vida analysis (.1); teleconference with E Espinosa and R Finch (Westlake) re Vida (.4); review HCF filing (.1)
10/31/11	Nolan, A. R. G.	0.50	429.88	E-mail to Ms. Meer regarding analysis of treatment of life settlements as securities
10/31/11	Songer, J. H.	0.20	No Charge	Review email correspondence regarding research
TOTAL HOURS				191.50
TOTAL FOR SERVICES				\$74,216.95

## TIMEKEEPER SUMMARY

<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Nolan, A. R. G.	0.50	859.75	429.88
Meer, C. J.	1.40	724.00	1,013.60
Dietz, M.S.	1.40	533.95	747.53
Napoli, M. D.	104.10	488.70	50,873.67
Morenoff, D.	1.50	380.10	570.15
Dietel, K.	1.20	362.00	434.40
Espinosa, E. S.	56.70	320.00	18,144.00
Brown, A. G.	10.80	185.53	2,003.72
Total for All Timekeepers	191.50	\$387.56	\$74,216.95

## INVOICE TOTAL

	<u>Fees</u>	<u>Expenses</u>	<u>Total</u>
Current Charges	74,216.95	0.00	74,216.95

**TOTAL BALANCE DUE THIS MATTER \$74,216.95**

PAYMENT DUE IN FULL ON OR BEFORE DECEMBER 7, 2011

# **Exhibit B**

**K&L|GATES**

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

Tax ID No. 25 0921018

T 214.939.5500

www.klgates.com

**PRIVILEGED AND CONFIDENTIAL  
DO NOT DISCLOSE**

The Estate of Retirement Value, LLC  
c/o Eddy Espinosa  
K&L Gates, LLP  
1717 Main Street, Suite 2800  
Dallas, TX 75201

November 7, 2011  
Invoice: 2480963  
Matter Desc.: David & Elizabeth Gray  
Client/Matter #: 1203981.00003

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This statement covers fees for legal services rendered for your account during the period ending 10/31/2011.  
Detailed information regarding these fees is attached.

**Current Charges:**  
Fees

1,163.83

**Total Current Charges**

**\$1,163.83**

PAYMENT FOR "CURRENT AMOUNT" IS DUE IN FULL ON OR BEFORE DECEMBER 7, 2011

*Please Return a Copy of This Page With Your Payment to K&L Gates, RCAC, 925 Fourth Avenue, Suite 2900,  
Seattle, Washington 98104-1158, Reference Invoice: 2480963*

*Payment Can Also be Made by wire to: US Bank, Private Financial Services, 1420 5<sup>th</sup> Ave. Suite 2100,  
Seattle, WA 98101, ABA Routing Number: 125000105, Account # 153557906580, Reference Invoice 2480963*

# K&L|GATES

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

Tax ID No. 26 0921018

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

November 7, 2011  
Invoice: 2480963

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**FOR PROFESSIONAL SERVICES RECORDED AS OF 10/31/11:**

Matter: 1203981.00003

Matter Description: David & Elizabeth Gray

<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
10/10/11	Dietel, K.	2.00	724.00	Draft Settlement Agreement (1.8); draft Agreed Motion to Dismiss and Order of Dismissal (0.2)
10/10/11	Napoli, M. D.	0.30	146.61	Review and revise settlement agreement (.3)
10/13/11	Napoli, M. D.	0.60	293.22	Revise settlement agreement (.3); confer with E Espinosa re draft agreement (.2); e-mail correspondence with L York re settlement agreement (.1)
		TOTAL HOURS		2.90
		TOTAL FOR SERVICES		\$1,163.83

**TIMEKEEPER SUMMARY**

<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Napoli, M. D.	0.90	488.70	439.83
Dietel, K.	2.00	362.00	724.00
Total for All Timekeepers	2.90	\$401.32	\$1,163.83

# K&L|GATES

Matter: David & Elizabeth Gray  
Client/Matter #: 1203981.00003

Page: 2  
November 7, 2011  
Invoice: 2480963

## INVOICE TOTAL

	<u>Fees</u>	<u>Expenses</u>	<u>Total</u>
Current Charges	1,163.83	0.00	1,163.83
<b>TOTAL BALANCE DUE THIS MATTER</b>			<b>\$1,163.83</b>

PAYMENT DUE IN FULL ON OR BEFORE DECEMBER 7, 2011