



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 months of January and February 2012. The Receiver has incurred fees of \$58,685.00 during the period covered by this Application. He has retained the legal services of K&L Gates, which has incurred fees of \$159,058.98 for the months 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. Affidavit of 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 23.73% 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 34% discount from his usual and customary rate of \$485/hour. In addition, K&L Gates has discounted its rates by 9.5% and further discounted its bills by approximately \$18,337.27. In the aggregate the discounts and write-offs associated with this Fee Application amount to \$51,670.83. Espinosa Affid at ¶6. The chart below summarizes the fees charged and the discounts applied.

Invoice Summary	Jan	Feb	Total
Services Rendered in:			
Fees Requested			
Matter .00001	\$72,873.71	\$85,044.48	\$157,918.19
Bankruptcy	\$0.00	\$0.00	\$0.00
Matter .00003	\$0.00	\$0.00	\$0.00
Matter.0004	\$6,535.02	\$1,619.94	\$8,154.96
<b>Total</b>	<b>\$79,408.73</b>	<b>\$86,664.42</b>	<b>\$166,073.15</b>
Receiver Incurred	\$33,271.00	\$25,414.00	\$58,685.00
Receiver Billed	\$21,952.00	\$16,768.00	\$38,720.00
Receiver adj	(\$11,319.00)	(\$8,646.00)	(\$19,965.00)
KLG Incurred	\$72,769.42	\$86,289.56	\$159,058.98
KLG Billed	\$57,456.73	\$69,896.42	\$127,353.15
KLG (9.5%) adj.	(\$6,031.37)	(\$7,337.19)	(\$13,368.56)
Write-offs	(\$9,281.32)	(\$9,055.95)	(\$18,337.27)
<b>Total Adj</b>	<b>(\$26,631.69)</b>	<b>(\$25,039.14)</b>	<b>(\$51,670.83)</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 the prosecution of claims by the estate, to the refinement of a plan that is

anticipated to repay the investors 100% of the amount invested and analyzing and validating the viability of alternative plans that have been and are being proposed. The significant tasks during this time period include, without limitation:

- Maintaining investor communications, including responding to inquiries regarding this matter, the class settlement with Kiesling, Porter, Kiesling & Free, and the Receiver's Report;
- Attending to the preservation of the estates' assets, including coordination of various accounting matters, funds management, and payment of premiums;
- 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 regarding the proposed plan of distribution;
- Conducting due diligence regarding said potential transactions;
- Finalizing and submitting a proposed plan of distribution to the Court;
- Reporting to the Bankruptcy Court
- Analyzing regulatory issues associated with the potential transactions and their structures;
- Analyzing, contrasting and reconciling various alternative plans of distributions;
- Preparing the Receiver's Report dated as of December 31, 2011 and the Proposed Plan of Distribution filed with this Court on January 3, 2012;
- Responding to inquiries from federal, state, county and municipal taxing and law enforcement authorities;
- Responding to inquiries from investors, defendants and their respective counsel;
- Responding to various motions by defendants, intervenors and third parties; including without limitation, motions seeking to (i) appeal the Partial Summary Judgment, (ii) abate these proceedings; (iii) strike, in part, the Receiver's Report and impose sanctions; and (iv) challenge the Receivership;
- Coordinating and supervising the prosecution of third party claims with the estate's contingency fee counsel; and
- Defending the estate against Ms. Moss' employment claims.

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 portfolio's value depends upon the policies' expected cash flows (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>

#### **A. Proposed 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 (the "Initial Plan") and posted it for comment and (ii) filed a motion with the Court to approve the Initial Plan. The Initial Plan anticipated a return to the investor-victims of approximately 100% of their investment plus or minus 20%, over the portfolio's life. In addition, the Initial Plan provided for a distribution of approximately 10% of the investor-victims initial investment upon completion

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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.

of a proof of claim process. The involuntary bankruptcy filing on August 12, 2011, preempted Court's consideration of the Initial Plan, which was scheduled to be heard on August 15, 2011.

While he was preparing the Initial Plan of distribution, the Receiver was also discussing (in person, in writing and by telephone) alternative strategies for monetizing the portfolio for the benefit of the investors with several capital sources.<sup>3</sup> Early on the Receiver established the criteria for extending serious consideration to an alternative plan to be that such alternative plan must provide: (i) more money, (ii) less risk, or (iii) accelerated distributions to the investors; and preferably all three. The capital sources ranged from private individuals, investment banking firms and a mutual fund advisor. Several different groups entered into non-disclosure agreements with the Receiver to facilitate discussions and a data room was created so that potential capital sources could conduct due diligence. The Receiver also consulted with the Intervenor's about certain of these options. Of all the alternative plans considered, only one advanced sufficiently far to merit serious consideration by the time the Receiver's recommendation was due. Pursuant to this Court's order, the Receiver proposed a plan of distribution on January 3, 2012 (the "Proposed Plan").

The Proposed Plan is an iteration of the Initial Plan. The Initial Plan provided for: (i) approximately 10% of the investor-victims' investment to be immediately distributed; (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. In short, the Proposed Plan is a continuation of the "hold until maturity strategy" but avails itself of an existing fund specializing in longevity assets to increase diversification and reduce the risks associated with the portfolio. The Proposed Plan yields: (a)

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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 Initial Plan.

an increased initial distribution, of about 18%; (b) increased interim distributions due to the estate's significantly lower cash reserve requirements; (c) a broader base of comparable-to-superior longevity assets that substantially increasing the estates diversification promoting the benefits associated with the law of large numbers; and (d) a reduction in years-to-maturity of about 33%.

Since submitting his proposed plan, alternative plans have and been submitted by other parties to these proceedings. However, to date, none have been presented with sufficient detail and financial backing to constitute a viable alternative to the Receiver's proposed plan warranting any change in the Receiver's recommendation.

#### **B. Collection Efforts**

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. 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. Generally, the Receiver attempted to engage in negotiations with those against whom the estate had claims, rather than immediately filing suit. Moreover, the Receiver concentrated his initial efforts on claims that were either the most likely to succeed or which provide for the largest potential recovery, including engaging in mediation with certain parties. This tactic resulted in considerable success, including settlements with

Bruce Collins (reached without filing suit), Kiesling Porter (also reached without filing suit) and Dick Gray (reached before trial) worth some \$1.7 million. After consultation with the State and the Intervenors, the Receiver decided to retain contingency fee counsel to prosecute claims against the licensees.

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. As of the date of this application the Court has approved over \$163,235.60 in negotiated settlements with third party licensees who participated in the distribution of Retirement Values' RSLIPs. 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) adoption and execution of a plan of distribution.

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.

A number of people and companies 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 anticipated receiving definitive proposals. Our discussions with Vida Longevity Fund progressed to the point where terms and conditions that would support the Receiver's recommendation were negotiated. The other failed to deliver a substantive proposal in a timely

manner that would enable any adequate vetting by the Receiver or his recommendation thereof. Any proposal received 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.

#### 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

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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.

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. *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

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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.

customary fees that it charges to and collects from its clients for the services of the attorneys and other professionals working on this matter, except that the Receiver is charging 34% 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 \$14 million into the estate over the course of the Receivership Action.<sup>8</sup> He has filed a plan of distributions with an expected return to the investors of 100% of their investment, including an immediate 18% distribution (approximately \$14 million).

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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) \$600,000 in assets from a settlement with Dick and Catherine Gray; (vi) \$10,117,534 collected from Pacific Life on the PL1140 policy, which was initially disputed by Pacific Life; and (vii) \$34,564 in recovered state franchise taxes.

*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 23.73% 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 41 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>	\$ 83,036.58	\$185,946.57

The fees requested for services rendered in the months covered by this Application are, on average, \$185,946.57 less than Retirement Value's expenses in April 2010. Moreover, the fees requested in this application are 35.33% 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.

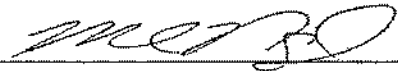
The fees incurred during January and February 2012 are generally consistent with the budget submitted on November 11, 2011. The primary expense drivers were, as anticipated, the due diligence associated with alternative plans of distribution and litigation expenses. In the

period covered by this Application, we addressed (i) motions to sever, arbitrate, mediate, strike, sanctions, and summary judgment; (ii) a plea in abatement; and (iii) a status conference with the Bankruptcy Court; which in the aggregate disproportionately contributed to the legal expenses, but overall expenses came in as expected for the period.

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

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

Respectfully submitted,



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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the above pleading has been served on the following, via certified mail, return receipt requested and e-mail on this the 6<sup>th</sup> day of April 2012:

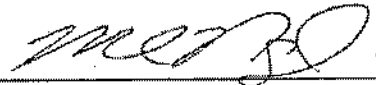
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<p>David R. Clouston  Christopher R. Richie  Leslye E. Moseley  SESSIONS FISHMAN NATHAN &amp; ISRAEL LLC  900 Jackson Street, Suite 440  Dallas, Texas 75202  (214) 741-3001  (214) 741-3055 fax  dclouston@sessions-law.biz  crichie@sessions-law.biz  lmoseley@sessions-law.biz  <b>COUNSEL FOR THIRD PARTY DEFENDANTS LEVIN AND SCHROEDER</b></p>	<p>Michael W. O'Donnell  Dean V. Fleming  FULBRIGHT &amp; JAWORSKI L.L.P.  300 Convent Street, Suite 2100  San Antonio, Texas 78205-3792  (210) 224-5575  (210) 270-7205 fax  modonnell@fulbright.com  dfleming@fulbright.com</p> <p>Paul Trahan  FULBRIGHT &amp; JAWORSKI L.L.P.  98 San Jacinto Boulevard, Suite 1100  Austin, Texas 78701-4255  (512) 474-5201  (512) 536-4598 fax  ptrahan@fulbright.com  <b>COUNSEL FOR WELLS FARGO THIRD PARTY DEFENDANTS AND WHITNEY GILES</b></p>
<p>R. James George Jr.  John W. Thomas  GEORGE &amp; BROTHERS, LLP  114 W Seventh, Suite 1100  Austin, Texas 78701-3015  (512) 495-1400  (512) 499-0094 fax  rjgeorge@georgeandbrothers.com  jthomas@georgeandbrothers.com  egarnett@georgeandbrothers.com  <b>COUNSEL FOR RV RECEIVERS</b></p>	<p>Andrea S. Loveless  LOVELESS LAW FIRM, LLP  1 Spectrum Pointe, Suite 300  Lake Forest, California 92630  (949) 679-4690  (949) 679-4696 fax  andrea@lovelesslawfirm.com  <b>COUNSEL FOR THIRD PARTY DEFENDANT THOMAS MEAGLIA</b></p>
<p>Alexander S. Roig  ALLEN &amp; ROIG, LLP  3003 N.W. Loop 410  San Antonio, Texas 78230  (210) 377-2529  (210) 240-1346 fax  allenroig@sbcglobal.net  <b>COUNSEL FOR THIRD PARTY DEFENDANTS SENIOR TEXAS ESTATE PLANNING SERVICES AND WILLIAM EVANS</b></p>	<p>Benjamin S. DeLeon  Thomas P. Washburn  DE LEON &amp; WASHBURN, P.C.  901 S. MoPac Expressway, Suite 230  Austin, Texas 78746  (512) 478-5308  (512) 482-8628 fax  bdeleon@dwlawtx.com  pwashburn@dwlawtx.com  <b>COUNSEL FOR THIRD PARTY DEFENDANT MICHAEL McDERMOTT</b></p>
<p>Joseph Donnantuoni  15215 Berry Trail, #912  Dallas, Texas 75248  <b>PRO SE</b></p>	<p>Gary J. Lenahan  228 Crawford Street  Beckley, West Virginia 25801  <b>PRO SE</b></p>

David and Elizabeth Gray  
4559 E. 107<sup>th</sup> Street  
Tulsa, Oklahoma 74137  
(301) 512-4131  
esogray72@gmail.com  
**PRO SE THIRD PARTY DEFENDANT**

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

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# 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 Tenth 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, B, C, & D are redacted copies of K&L Gates' invoice 2532562, 2533353, 2545265 and 2545078m respectively (the "Invoice"). The Invoice detail the services performed, during the months of January and February 2012, 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 23.73% 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 34% discount from his usual and customary rate of \$485/hour. In addition, K&L Gates has discounted its rates by 9.5% and further discounted its bills by approximately \$18,337. In the aggregate the discounts and write-offs associated with this Fee Application amount to \$51,670.83. The chart below summarizes the fees charged and the discounts applied.

<b>Invoice Summary</b>			
Services Rendered in:	Jan	Feb	Total
Fees Requested			
Matter .00001	\$72,873.71	\$85,044.48	\$157,918.19
Bankruptcy	\$0.00	\$0.00	\$0.00
Matter .00003	\$0.00	\$0.00	\$0.00
Matter.0004	\$6,535.02	\$1,619.94	\$8,154.96
<b>Total</b>	<b>\$79,408.73</b>	<b>\$86,664.42</b>	<b>\$166,073.15</b>
Receiver Incurred	\$33,271.00	\$25,414.00	\$58,685.00
Receiver Billed	\$21,952.00	\$16,768.00	\$38,720.00
Receiver adj	(\$11,319.00)	(\$8,646.00)	(\$19,965.00)
KLG Incurred	\$72,769.42	\$86,289.56	\$159,058.98
KLG Billed	\$57,456.73	\$69,896.42	\$127,353.15
KLG (9.5%) adj.	(\$6,031.37)	(\$7,337.19)	(\$13,368.56)
Write-offs	(\$9,281.32)	(\$9,055.95)	(\$18,337.27)
<b>Total Adj</b>	<b>(\$26,631.69)</b>	<b>(\$25,039.14)</b>	<b>(\$51,670.83)</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 \$38,720.00. The amount billed for my counsel's professional services during the period covered by this application is \$127,353.15. 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 January 1, 2012 through February 29, 2012 are reasonable.

11. I have reviewed K&L Gates' invoices for services rendered from January 1, 2012 through February 29, 2012. Based on my experience and knowledge of this matter, the work performed by my staff from January 1, 2012 through February 29, 2012 was reasonable and necessary to properly allow me to fulfill my duties and responsibilities in this case.



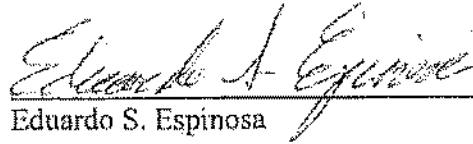
12. In addition, the Receiver is tasked with preserving Retirement Value's assets for the benefit of the investors, which requires, among other things, that the Receiver perpetuate certain aspects of Retirement Value's operations. The Receiver's fees are substantially less than Retirement Value's operating 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.

	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>	\$ 83,036.58	\$185,946.57

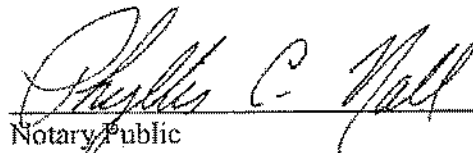
The fees requested for services rendered in the months covered by this Application are, on average, \$185,946.57 less than Retirement Value's expenses in April 2010. Moreover, the fees requested in this application are 35.33% less than the average monthly fees in all preceding fee applications.

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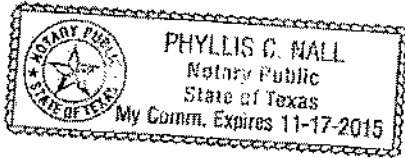
FURTHER AFFIANT SAYETH NOT.

  
Eduardo S. Espinosa

SUBSCRIBED AND SWORN TO BEFORE ME this 6<sup>th</sup> day of April 2012.

  
Notary Public

My Commission Expires: 11-17-2015



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# **Exhibit A**

**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 Eduardo S. Espinosa, Receiver  
1717 Main Street, Suite 2800  
Dallas, TX 75201

February 28, 2012  
Invoice: 2532562  
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 01/31/2012.  
Detailed information regarding these fees is attached.

**Current Charges:**  
Fees

72,873.71

**Total Current Charges**

**\$72,873.71**

PAYMENT FOR "CURRENT AMOUNT" IS DUE IN FULL ON OR BEFORE MARCH 29, 2012

*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: 2532562*

*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 2532562*

**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

February 28, 2012  
 Invoice: 2532562

**FOR PROFESSIONAL SERVICES RECORDED AS OF 01/31/12:**

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>
12/22/11	McGrath, M. W.	0.60	298.65	VIDA Capital Management: Discuss VIDA Capital Management memo with C. Gildea; revise VIDA Capital Management memo
1/2/12	Espinosa, E. S.	2.30	736.00	Prepare Summary of Alternative Strategies (2.1); transfer fund to ASG (.2)
1/3/12	Barge, J. S.	3.90	2,647.13	Telephone call with E. Espinosa regarding structure; analysis regarding liquidity trust; revise agreements; emails
1/3/12	Billingsley, J.	0.30	No Charge	Review draft of Receiver's report to bankruptcy court
1/3/12	Brown, A. G.	0.50	95.03	Organize, review and revise Receiver's Notice of Filing Report and Plan of Distribution (.3); file same with court (.2)
1/3/12	Espinosa, E. S.	6.00	1,920.00	Correspond with M. McGrath regarding Vida due diligence (.1); telephone conference with K. Hinkle regarding ASG's Report on Vida (.2); telephone conference with S. Barge regarding qualified Settlement Fund status and tax implications of Vida transaction and hold strategy (.9); revise distribution strategy summary table (1.1); review draft Receiver's report, provide comment and reconcile drafting points with M. Napoli (2.1); telephone conference with J. Thomas regarding Wednesday's hearing (.3); confer with M. Napoli regarding my attendance at Wednesday's hearing (.2); review listing report from L. Edwards and pricing recommendation, correspond with L. Edwards regarding same (.5); notify ASG of premium transfer (.2); correspond with R. Carter regarding Investor Reconciliation and QBB file (.2); attend to Notice of Position regarding Continuation of Bankruptcy (.2)

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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
1/3/12	Morenoff, D.	1.00	389.15	Revise, file, and coordinate service of statement concerning continuation of bankruptcy (1.0)
1/3/12	Napoli, M. D.	7.20	3,583.80	Prepare statement of position for bankruptcy court (1.0); work on year end report (5.2); prepare for hearings (.8); review Petitioning Creditors statement of position (.2)
1/3/12	Varshosaz, A.	0.40	No Charge	Review notice of Receiver's position regarding continuation of bankruptcy (.3); correspondence with D. Morenoff regarding same (.1)
1/4/12	Brown, A. G.	4.30	817.22	Review and revise investor mail merge list in preparation for mass mailing to investors (1.0); prepare enclosures for mass mailing project (3.3);
1/4/12	Espinosa, E. S.	2.50	800.00	Review draft letter to investors (.2); compile investor statistics for J. George (.5); correspond with L. Edwards regarding removal of group and pricing 3606 Listing Agreement (.6); attend to A/P (NBU) (.1); review ASG's due diligence report (.8)
1/4/12	Napoli, M. D.	2.50	1,244.38	Prepare for hearing on motion to sever (.5) attend hearing on motion to sever and plea in abatement (2.0)
1/4/12	Napoli, M. D.	8.40	No Charge	Travel to/from Austin
1/5/12	Brown, A. G.	2.10	399.10	Administer and oversee mass mailing of Receiver's 12-31-2011 Report and Proposed Plan of Distribution to investors (2.1)
1/5/12	Espinosa, E. S.	6.30	2,016.00	Attend to RV's records and segregate records for suppliers (.8); remit January payment to CLWSC (.2); enroll 3606 in CLWSC auto pay (.3); correspond with R. Carter regarding Suspense Account, Chase Account Balance and B/S clean-up issues and premium payment (.8); confer with A. Brown regarding Definitive Investor file (.2); review and revise Affidavit regarding Business Records and McDermot's home address (.3); review and revise Affidavit for damage calculation (1.4); update Definitive Investor list (.6); attend to RV's files and organization and conversation with G. Pronske (.4); debriefing regarding Wednesday's hearings with M. Napoli (.5); review correspondence regarding 1/5/12 Hearing Orders and Scheduling Order (.6); telephone conference with K. Hinkle regarding ASG's report (.2)
1/5/12	Napoli, M. D.	1.20	597.30	Prepare order setting hearings (.5); prepare order denying motion for severance (.2); teleconference with G Pronske (.2); review and respond to e-mails regarding order denying plea in abatement (.3)
1/6/12	Brown, A. G.	0.60	114.03	Conduct and respond to telephone inquiries from two investors (.4); download Motion to Compel

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 Client/Matter #: 1203981.00001

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 February 28, 2012  
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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
1/6/12	Espinosa, E. S.	1.80	576.00	court filings and update pleading files (.2) Telephone conference with J. Thomas regarding Damage Model (.6); AFA approval for 2012 (.2); attend to scheduling correspondence (.3); confer with A. Brown and M. Napoli regarding inquiry from Idaho (.4); correspond with Chase regarding wire fees (.3)
1/6/12	Napoli, M. D.	0.50	248.88	E-mail correspondence re order setting deadlines (.2); e-mail correspondence re request for Idaho Department of Finance (.2); e-mail correspondence with S Phillips re bankruptcy hearing (.1)
1/9/12	Brown, A. G.	1.10	209.06	Conduct and respond to telephone inquiries from five investors (.7); review Cain intervenors objections to Receiver's 9th Application for Fees and prepare spreadsheet regarding objections (.4)
1/9/12	Espinosa, E. S.	2.00	640.00	Telephone conference with L. Haxell at Chase (.3); correspond with J. Thomas regarding damages and scheduling (.2); review revised Motion for Default Judgment Affidavit, revise and execute same (.4); correspond with S. Phillip and M. Napoli regarding 1/12 Bankruptcy hearing (.1); review Weisbart's objections, confer with Napoli regarding same (.2); review State's bankruptcy filing (.2); attend to Chase fraud alert (.3); review second Motion for Subst. Service (.2); correspond with M. Kaye (.1)
1/9/12	Morenoff, D.	0.10	<b>No Charge</b>	Review and circulate to team state's position statement on continuation of bankruptcy case
1/9/12	Napoli, M. D.	2.00	995.50	E-mail correspondence with S Phillips re bankruptcy hearing (.3); review State's statement of position on bankruptcy (.2); review and revise licensee settlement agreement (.4); e-mail correspondence with R Gray re removal of Moss suit (.2); prepare revised language for website (.3); review and confer with E Espinosa re Cain objections to 9th Fee App (.3); e-mail correspondence with court and parties re order setting hearings/deadlines from Nov. 3 hearing (.1); e-mail correspondence with A Garcia re insurance issues (.2)
1/9/12	Sanchez, J. R.	0.40	76.02	Prepare, organize, stage and load ESI into Ringtail in preparation for review.
1/10/12	Espinosa, E. S.	5.30	1,696.00	Telephone conference with A. Goldate and Lena at TSSB regarding Vida Proposal (1.1); telephone conference with G. Pronske regarding Plan and Beste (.9); telephone conference with M. Kaye regarding Receiver's Report (1.0); correspond with D. Young and S. Crohn regarding supplemental

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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
1/10/12	Gonzalez, M.	1.50	244.35	due diligence inquiries (1.2); confer with A. Brown and M. Napoli regarding response to Idaho (.2); review correspondence between J. Thomas and I. Antongiorgi regarding additional parties (.2); review changes regarding Charles David Gray settlement (.2); review email string regarding Renter's issues with a January 2013 trial (.2); confer with a. Brown regarding Receivers Report and Investor inquiries; correspond with G. Quinones regarding website update (.3)
1/10/12	Napoli, M. D.	3.00	1,493.25	Identify, provide source material and organize electronic files consisting mostly of video presentations. Teleconference with E Espinosa and A Goldate re plan (1.1); teleconference with A Goldate re plan (.4); review/revise offset settlement agreement (.3); confer with E Espinosa re same (.1); confer with A Brown re synopsis of plan to answer investor questions (.4); e-mail correspondence with J Thomas re Rogers motion to compel (.1); correspondence with N Ax re Idaho investors (.3); review additional due diligence request (.3)
1/11/12	Brown, A. G.	1.20	228.06	Conduct and respond to telephone injuries from six investors
1/11/12	Espinosa, E. S.	0.60	No Charge	Telephone conference with M. Booe to M. Napoli regarding Wells Fargo Special Receiver
1/11/12	Espinosa, E. S.	3.00	960.00	Review Settlement Agreement, execute and return same to George & Brothers; confer with J. Thomas regarding same (1.3); review Receivers response to Request for Disclaimer (.4); correspond with G. Pronske confirming 1/10/12; telephone conference (.4); review letter to Rentea regarding M. Lopez (.1); correspond with D. Young regarding Vida due diligence (.3); various emails and calls with J. Thomas (.5)
1/11/12	Napoli, M. D.	0.60	298.65	E-mail to G Weisbart re objection to fee app 9 (.1); review correspondence and filings re service on McDermott (.3); review motion to approve settlements (.2)
1/11/12	Sanchez, J. R.	0.60	114.03	Produce copies of video DVD's for George & Brothers.
1/12/12	Brown, A. G.	0.50	95.03	Conduct and respond to telephone inquiries from four investors (.5)
1/12/12	Espinosa, E. S.	0.90	288.00	Review correspondence from M. Hammond, J. Hohengarten, P. Traher, J. Thomas(.4); telephone conference with J. Thomas regarding Cain's Alt. Plan; M. McDermott, A. Conestoga



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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
1/12/12	Napoli, M. D.	1.90	945.72	Attend status conference in bankruptcy court (1.0); confer with J Thomas re service on McDermott (.3); attention to e-mail correspondence from B Rentea asking for Espinosa deposition (.2); review/revise order continuing stay of bankruptcy case (.1); e-mail correspondence with A Goldate (.1); e-mail correspondence with J Hohengarten on documents produced by Receiver to Rogers (0.2);
1/12/12	Varshosaz, A.	2.10	589.16	Review and analyze docket and order to abstain from further proceedings; draft order to continue proceedings; correspondence with court clerk to set hearing for status conference; correspondence with M. Napoli regarding same; circulate order to opposing counsel; draft notice of hearing and correspond with court regarding same
1/13/12	Brown, A. G.	1.00	190.05	Conduct and respond to telephone inquiries from two investors (.3); retrieve investor files of Wendy Orr per her attorney's request and forward electronic copies to M. Napoli (.7)
1/13/12	Napoli, M. D.	5.80	2,886.95	Teleconference with J Thomas re McDermott service issues (.5); teleconference with T O'Connor re investor claim (.6); review/respond to request for Espinosa deposition on McDermott service issues (.1); review and analyze Roger's motion for guidance re McDermott services issues (.3); e-mail correspondence with A Goldate re McDermott issues (.2); review and analyze Rogers and certain 3d Party Defendants' motions to compel arbitration, including review of case law cited in same (3.5); prepare memo to J Thomas re motions to compel arbitration (.6)
1/13/12	Varshosaz, A.	0.50	140.28	Correspondence with the State Securities Board and Petitioners regarding comments to order; upload proposed order; finalize, file, and serve notice of hearing
1/17/12	Espinosa, E. S.	3.70	1,184.00	Telephone conference with G. Pronske regarding "Plan" (.3); correspond with R. Carter et al regarding W-9 data (.6); consult with M. Napoli regarding Rentea's and Pronske's Motion (.4); correspond with J. Thomas regarding discovery matters (.2); correspond with D. Dellinovo (investor) and P. Wilkerson regarding investor inquiries (.5); correspond with M. Zeller regarding 3606 Comal Springs (.2); review E. Brown's settlement, execute and transmit (.3); review legal research regarding arbitration (.5); review alternative proposal from A. Lynn Jones (.2);

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 Client/Matter #: 1203981.00001

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 February 28, 2012  
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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
1/17/12	Napoli, M. D.	7.00	3,484.25	attend to 940-V and correspond with BKD regarding same (.5)
1/17/12	Wilkerson, P.	1.00	199.10	Review proposed plan by Cain investors (.1); confer with E Espinosa re Cain plan (.3); review proposed plan by investor James (.1); work on response to motion to arbitrate (3.0); review and begin response to Beste motion to strike (3.5)
1/18/12	Brown, A. G.	3.40	646.17	Telephone conferences with investor callers regarding recent activities in the receivership
1/18/12	Espinosa, E. S.	0.20	No Charge	Conduct and respond to telephone inquiries from seven investors (1.4); review incoming email and draft responses to same (.4); review incoming court filings and update pleading files (1.6)
1/18/12	Espinosa, E. S.	4.50	1,440.00	Review memo to T. McConnell regarding Wells Review VLF Q42011 updates (.8); correspond with S. Crohn (.2); correspond with BKD regarding 1099's (.3); confer with M. Napoli and J. Lee regarding valuation of HCF policies (.1); review draft email regarding Pronski's MTN for Sanctions (.2); review Scheduling Orders and correspond regarding McDermott related deposition (.4); correspond with R. Carter (BKD) ASG and L&E regarding accounting matters (.4); review H. de Leon's Motion for Protective Order (.2); conference with P. Wilkerson regarding D. Lockridge (.2); review response to Request for Disclosure (.6); review Beste's discovery request (.3); review and transmit Chase December 2011 statements (.3); telephone conference with M. Gaudis (investor) regarding Proposed Plan (.5)
1/18/12	Napoli, M. D.	5.10	2,538.52	E-mail correspondence with J Lee and I Antongiorgi re valuation of HCF policies (.3); review/revise response to request for disclosures (.3); prepare response to motion to strike (3.8); review Beste request for production (.4); review correspondence and orders from court (.1); review latest information from Vida (.2)
1/19/12	Brown, A. G.	3.50	665.18	Conduct and respond to telephone inquiries of two investors (.4); review incoming email and draft responses to same (.3); conduct research regarding correct addresses for 13 investors (1.5) draft letters enclosing copies of 12/31/2011 report and proposed plan to corrected addresses (.8); update client index (.5)
1/19/12	Espinosa, E. S.	1.00	320.00	Telephone conference with S. Crohn, P. Young and M. Napoli regarding subpoena (.5); correspond with R. Carter regarding 1099 data; Chase

# K&L|GATES

Matter: State of Texas vs. Retirement Value LLC, et. al.  
 Client/Matter #: 1203981.00001

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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
1/19/12	Napoli, M. D.	4.70	2,339.43	statement (.2); correspond with J. Thomas regarding Kogich Offer (.3) Review Rogers 2d notice of appeal and confer with J Thomas (.2); teleconference with D Young, S Crohn and E Espinosa re Beste discovery request (.4); review Beste plan of distribution (.3); prepare response to motion to strike and for sanctions (3.5); teleconference with J Thomas re mediation (.3)
1/20/12	Brown, A. G.	0.70	133.04	Conduct and respond to telephone inquiry from two investors (.4); review incoming court filings and update pleading files (.3)
1/20/12	Espinosa, E. S.	1.80	576.00	Review Promske's Subpoena on Vida (.3) review Intervenor's MTN for Entry of Discovery Plan (.2); correspond with J. Thomas regarding MSJ and Affidavit (.5); review Roger's Motion to Stay and confer with M. Napoli regarding same (.6); confer with M. Napoli regarding Beste's/Clearlife Plan; draft Fee App #10 (.2)
1/20/12	Morenoff, D.	0.10	No Charge	Review Court's order setting next hearing
1/20/12	Napoli, M. D.	6.90	3,434.48	Confer with E Espinosa re due diligence on Beste plan (.2); prepare response to motion to strike (6); review Rogers motion to stay and exhibits (.4); correspondence with J Thomas re response to motion to stay and 2d appeal (.3)
1/21/12	Espinosa, E. S.	4.10	1,312.00	Review Clearview's proposed plan (1.1); review Beste's subpoena (.6); draft Fee App #10 and Affidavit in Support (.9); correspond with M. Gandy regarding NTM 12-03 (.2); transfer February Premiums and correspond with ASG/BKD regarding same (.5); review Investor correspondence regarding licensee communications (.8)
1/23/12	Brown, A. G.	1.40	266.07	Review and revise reconciliation of victims investment spreadsheet with licensee data (.9); review and revise Receiver's Tenth Application for Fees and prepare for filing with court (.3); file same with court (.2)
1/23/12	Espinosa, E. S.	0.50	No Charge	Telephone conference with M. Booe regarding Special Receiver
1/23/12	Espinosa, E. S.	2.60	832.00	Correspond with R. Kipp regarding Wells Fargo's 1099 (.2); review MSJ; confer with M. Napoli and J. Thomas regarding same (.3); review, revise, execute Affidavit in Support (.4); confer with A. Brown regarding finalizing "Approved Claims" list (.5); correspond with M. Gandy and J. Thomas regarding Bocchino (licenses) (.2); finalize and transmit Fee App #10 (.4); correspond with M.

<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
1/23/12	Napoli, M. D.	4.90	2,438.98	Napoli, ASG and L&E regarding Clear View Advisors (.2); correspond with R. Carter regarding LFG 311, transfer funds accordingly (.4) Prepare response to motion to strike (2.8); analyze Beste proposed plan (.8); e-mail correspondence with D. Young re Vida discovery (.1); review and review MSJ against licensees (.4); e-mail correspondence with J. Hohengarten and J. Thomas re: Rogers appeal (.1); e-mail correspondence with T. Moran and S. Gibson re Clearview Advisors (.3); research re: Clearview Advisors (.5); e-mail correspondence with A. Garcia re: arbitration response (.1)
1/23/12	Napoli, M. D.	0.30	No Charge	Revise Fee App 10
1/24/12	Brown, A. G.	0.50	95.03	Review incoming court filings and update pleading files (.3); conduct and respond to telephone inquiry of one investor (.2)
1/24/12	Espinosa, E. S.	5.80	1,856.00	Telephone conference with R. Carter and B. Boarnet (.2); telephone conference with P. Young, S. Crohn and M. Napoli regarding Vida Subpoena (.5); correspond with A. Brown and G. Quinones regarding Website update (.1); confer with J. Thomas regarding MSJ (.2); review and revise Affidavit (.5); Review Response to Motion for Sanctions (.14); confer with M. Napoli and J. Lee regarding HCF premium shares (.2); review Rule 11 Agreement (.2); Review 1/23 and 1/24 Court filings (.3); review rep to MTN to compel arbitration (.8); review and revise MSJ regarding licenses (.6); telephone conference with J. Ball regarding Vida Proposal (.8)
1/24/12	Napoli, M. D.	4.00	1,991.00	Review, revise and comment on response to motion to compel arbitration (2.0); teleconference with S Crohn and D Young re Vida due diligence and Beste subpoena (.5); e-mail correspondence with S Crohn re AVS LE reports (.2); review additional due diligence material from Vida (.8); comment on MSJ against licensees (.3); e-mail correspondence with T Moran re Clearview Advisors (.2)
1/24/12	Sanchez, J. R.	0.60	114.03	Prepare, stage and load ESI from George & Brothers into Ringtail in preparation for review per the request of J. Peterson.
1/25/12	Birch, J.	1.00	506.80	Review motion to strike and proposed response;
1/25/12	Brown, A. G.	1.70	323.09	Conduct and respond to telephone inquiries from two investors (.2); review, analyze and collect documents in preparation for Response to Request

<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
				for Production from defendant Michael Beste (1.0); review incoming court filings and update pleading files (.5)
1/25/12	Espinosa, E. S.	3.10	992.00	Review and execute revised affidavit (.1) review Subpoena/Request For Production and proposed response, revise same, confer with M. Napoli re: Vida discussions (1.9); confer w/ M. Napoli & J. Birch re: 2/1/12 hearing (.1); review Vida due diligence supplement (.7); correspond with R. Carter (BKD) re AP and transfer funds to Op Acct.. (.3)
1/25/12	Espinosa, E. S.	1.50	No Charge	Telephone conference with M. Booe, T. McConnell and M. Napoli re: Substitute Receiver
1/25/12	Napoli, M. D.	5.00	2,488.75	Teleconference with G Pronske (.4); prepare comments to Vida on Beste subpoena (2.0); prepare response to Beste RFP (1.0); confer with E Espinosa re due diligence regarding Vida and Beste plan (.5); prepare revised confidentiality order (1.0); e-mail correspondence with G Weisbart re Beste motion to strike (.1); confer with J Thomas re response to motion to compel arbitration (.2); confer with J Thomas re claims against Ron James (.1); e-mail correspondence re hearing on motion to strike (.1)
1/26/12	Brown, A. G.	3.10	589.16	Conduct and respond to telephone inquiries from two investor (.3); collect and organize exhibits to Receiver's Response to Beste Motion to Strike (2.6); review and revise response (.2)
1/26/12	Espinosa, E. S.	4.00	1,280.00	Review and comment on revised protective order (1.0); telephone conference with R. Zoerner (investor) regarding Plan (.8); review correspondence regarding S. D. Giovanni (investor) (.4); review Affidavit regarding MTn to STRIKE (.8); Confer with M. Napoli regarding LFT's bearing of the credit risk associated with the Note and discussion regarding West LB Events of Default (1.0)
1/26/12	Napoli, M. D.	8.20	4,081.55	Prepare revised confidentiality order (2.0); e-mail correspondence with D Young and G Pronske re confidentiality order (.2); prepare Rule 11 agreement re Fee App 9 (.1); prepare affidavit for E Espinosa in response to motion to strike (5.0); teleconference with D Young and S Crohn 0.5); teleconference with G Pronske (.1); confer with E Espinosa re changes to confid order (.3);
1/27/12	Brown, A. G.	0.50	95.03	Review incoming returned mail and conduct research regarding correct addresses (.5); conduct

# K&L|GATES

Matter: State of Texas vs. Retirement Value LLC, et. al.  
 Client/Matter #: 1203981.00001

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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
				and respond to telephone inquiry from one investor (.2)
1/27/12	Dietz, M.S.	0.50	199.10	Review emails and prepare for hearing.
1/27/12	Espinosa, E. S.	3.40	1,088.00	Telephone conference with M. Beaste, G. Pronske and M. Napoli regarding ClearView Plan (1.8); review Espinosa's Affidavit regarding Motion to Strike; revise same (.8); conference with A. Brown regarding Beste's correspondence with Investors' research regarding same (.8)
1/27/12	Napoli, M. D.	3.60	1,791.90	Teleconference with M Beste, G Pronske, E Espinosa (1.5); review reply in support of motion to compel arbitration (.2); review DeLeon motion to quash (.1); e-mail correspondence and conference with G Pronske re Beste call 0.2); prepare response to motion to strike (.3); e-mail correspondence with I Antongiorgi and P Maule re HCF policies (.3); confer with E Espinosa re affidavit in support of response to motion to strike (.5); confer with E Espinosa re Beste plan (.5)
1/30/12	Birch, J.	1.00	506.80	Review and revise Response to Motion to Strike; e-mail correspondence with Michael Napoli regarding the same;
1/30/12	Brown, A. G.	1.40	266.07	Draft affidavit for Michael Napoli (.2); review and revise exhibits to Napoli and Espinosa Affidavits and prepare for court filing (.5); review and revise Response to Beste Motion to Strike and prepare for electronic filing (.2); electronically file Response and exhibits (.2); conduct and respond to telephone conference with two investors (.3)
1/30/12	Espinosa, E. S.	0.70	No Charge	Telephone conference with M. Booe re: Special receiver (.4); telephone conference with J. Mortensen re: same
1/30/12	Espinosa, E. S.	3.50	1,120.00	Review correspondence from J. Thomas re settlement proceeds, reconcile same and confer with R. Carter re accounting treatment of settlement income (1.4); review corresp from J. Kyle (Ct of Appeals) (.1); finalize Affidavit re Motion To Strike (.6); review receivership records re Beste's prior contact with RV investors (.7); confer with J. Thomas re licensee cutoff (.2) confer with J. Birch re Response to Motion to Strike (.2); review Rentea's response to Weisbart's Motion to compel Mediation (.2); corresp with D. Young re subpoena (.1)
1/30/12	Napoli, M. D.	5.60	2,787.40	Review correspondence from court of appeals (.1); finalize response to motion to strike (4.0); review response to mediation motion and motion to enter

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Matter: State of Texas vs. Retirement Value LLC, et. al.  
 Client/Matter #: 1203981.00001

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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
1/31/12	Espinosa, E. S.	1.00	320.00	scheduling order (0.3); review reply briefs in support of motion to compel arbitration (.4); correspondence with J Thomas re adding additional licensees (.3);
1/31/12	Varshosaz, A.	0.20	No Charge	Review A.L. Jones (investor) correspondence (.2); confer with M. Napoli regarding hearings and preparation for same (.8)
				Review court order abstaining from case and setting status conference; coordinate calendar
TOTAL HOURS				203.00
TOTAL FOR SERVICES				\$72,873.71

## TIMEKEEPER SUMMARY

<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Barge, J. S.	3.90	678.75	2,647.13
Birch, J.	2.00	506.80	1,013.60
Napoli, M. D.	79.70	497.75	39,670.69
McGrath, M. W.	0.60	497.75	298.65
Dietz, M.S.	0.50	398.20	199.10
Morenoff, D.	1.00	389.15	389.15
Espinosa, E. S.	68.60	320.00	21,952.00
Varshosaz, A.	2.60	280.55	729.44
Wilkerson, P.	1.00	199.10	199.10
Brown, A. G.	27.50	190.05	5,226.42
Sanchez, J. R.	1.60	190.05	304.08
Gonzalez, M.	1.50	162.90	244.35
Total for All Timekeepers	203.00	\$358.87	\$72,873.71

## INVOICE TOTAL

	<u>Fees</u>	<u>Expenses</u>	<u>Total</u>
Current Charges	72,873.71	0.00	72,873.71
TOTAL BALANCE DUE THIS MATTER			\$72,873.71

PAYMENT DUE IN FULL ON OR BEFORE MARCH 29, 2012

# 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

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

February 29, 2012  
Invoice: 2533353  
Matter Desc.: Tracy Moss Lawsuit  
Client/Matter #: 1203981.00004

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This statement covers fees for legal services rendered and expenses incurred for your account during the period ending 01/31/2012. Detailed information regarding these fees and expenses is attached.

**Current Charges:**

Fees 6,535.02

**Total Current Charges**

**\$6,535.02**

PAYMENT FOR "CURRENT AMOUNT" IS DUE IN FULL ON OR BEFORE MARCH 30, 2012

*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: 2533353*

*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 2533353*

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 c/o Eddy Espinosa  
 K&L Gates, LLP  
 1717 Main Street, Suite 2800  
 Dallas, TX 75201

February 29, 2012  
 Invoice: 2533353

**FOR PROFESSIONAL SERVICES RECORDED AS OF 01/31/12:**

Matter: 1203981.00004

Matter Description: Tracy Moss Lawsuit

<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
1/3/12	Cousland, F. E.	2.40	564.72	Research New Jersey rules on time limit for removal, draft removal papers
1/4/12	Alito, R.	0.40	184.62	Emails regarding draft removal papers and review of same
1/4/12	Barbatsuly, G. P.	0.30	No Charge	Review, revise and edit draft removal papers prepared by F. Cousland; exchange e-mails with F. Cousland regarding same and issue regarding form of consent of co-defendant to removal
1/4/12	Cousland, F. E.	1.80	423.54	Draft Removal documents
1/5/12	Cousland, F. E.	0.60	No Charge	Revise Removal documents
1/6/12	Cousland, F. E.	1.40	No Charge	Revise Removal papers
1/6/12	Napoli, M. D.	0.20	No Charge	Review removal papers regarding Moss suit
1/9/12	Alito, R.	0.20	92.31	Attention to removal papers
1/9/12	Barbatsuly, G. P.	0.20	No Charge	Conference with F. Cousland and R. Alito regarding finalizing removal papers and vicinage assignment for same
1/9/12	Cousland, F. E.	2.60	611.78	Review, finalize, and file Notice of Removal
1/10/12	Alito, R.	0.70	323.09	Review notice of docketing of removal; telephone conference call with R. Gray and M. Napoli regarding next steps
1/11/12	Cousland, F. E.	2.30	541.19	Draft Application for Clerk's Extension, Certificate of Service, and letter to T. Moss
1/12/12	Cousland, F. E.	1.10	258.83	File request for Clerk's Extension
1/20/12	Alito, R.	0.20	No Charge	Emails with Richard Gray
1/20/12	Cousland, F. E.	2.10	No Charge	Review co-defendant R. Gray's Answer
1/21/12	Alito, R.	0.30	138.47	Review and analyze the answer of Richard Gray, email to M. Napoli regarding pleadings
1/23/12	Brown, A. G.	0.40	76.02	Review hard copy employee files for file on Tracy Moss and retrieve copy in preparation for response to Moss suit

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Matter: Tracy Moss Lawsuit  
 Client/Matter #: 1203981.00004

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 February 29, 2012  
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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
1/23/12	Cousland, F. E.	3.90	917.67	Review Defendant R. Gray's Answer; telephone conference with R. Alito and R. Gray; review client documents regarding T. Moss
1/23/12	Espinosa, E. S.	0.10	No Charge	Conference with M. Napoli and A. Brown regarding Moss files
1/23/12	Napoli, M. D.	0.30	No Charge	E-mail correspondence with R. Alito re: Moss suit (.1); review R. Gray answer to Moss suit (.2)
1/24/12	Cousland, F. E.	4.10	964.73	Review client's electronic business records, draft Answer
1/24/12	Napoli, M. D.	0.10	49.78	E-mail correspondence with R. Alito and B. Rentea re: Tracy Moss case
1/25/12	Cousland, F. E.	5.60	No Charge	Review client documents regarding Plaintiff; draft Answer
1/26/12	Cousland, F. E.	4.30	1,011.79	Finish reviewing client documents, draft answer, create case chronology on CaseMap
1/27/12	Cousland, F. E.	3.20	No Charge	Expand case chronology, revise answer
1/30/12	Cousland, F. E.	1.60	376.48	Draft and file request of extension of time to Answer
1/31/12	Alito, R.	0.10	No Charge	Confer with F. Cousland regarding status of interview of Wendy Rogers
1/31/12	Alito, R.	0.10	No Charge	Confer with F. Cousland regarding status of witness interview
TOTAL HOURS				40.60
TOTAL FOR SERVICES				\$6,535.02

## TIMEKEEPER SUMMARY

<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Napoli, M. D.	0.10	497.75	49.78
Alito, R.	1.60	461.55	738.49
Cousland, F. E.	24.10	235.30	5,670.73
Brown, A. G.	0.40	190.05	76.02
Total for All Timekeepers	40.60	\$160.96	\$6,535.02

# K&L|GATES

Matter: Tracy Moss Lawsuit  
Client/Matter #: 1203981.00004

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February 29, 2012  
Invoice: 2533353

## INVOICE TOTAL

	<u>Fees</u>	<u>Expenses</u>	<u>Total</u>
Current Charges	6,535.02	0.00	6,535.02

**TOTAL BALANCE DUE THIS MATTER** **\$6,535.02**

PAYMENT DUE IN FULL ON OR BEFORE MARCH 30, 2012

# Exhibit C

K&L | GATES

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

Tax ID No. 25 0921018

T 214.939.5500

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

March 14, 2012  
Invoice: 2545265  
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 02/29/2012.  
Detailed information regarding these fees is attached.

**Current Charges:**  
Fees

85,044.48

**Total Current Charges**

**\$85,044.48**

PAYMENT FOR "CURRENT AMOUNT" IS DUE IN FULL ON OR BEFORE APRIL 13, 2012

*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: 2545265*

*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 2545265*

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

March 14, 2012  
 Invoice: 2545265

**FOR PROFESSIONAL SERVICES RECORDED AS OF 02/28/12:**

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>
2/1/12	Brown, A. G.	1.00	190.05	Conduct and respond to telephone inquiry of one investor (.1); review and revise reconciliation of victims investment spreadsheet with licensee data (.9)
2/1/12	Dietz, M.S.	4.30	1,712.26	Review motion and responses in preparation for hearing (.9); make court appearance (3.4).
2/1/12	Espinosa, E. S.	4.90	1,568.00	Confer with M. Napoli and M. Dietz regarding hearings (1.5); attend hearings regarding Motions to Arbitrate, Motion to Mediate, Motion to Strike and Sanctions Scheduling (3.4)
2/1/12	Espinosa, E. S.	6.00	No Charge	Travel to/from Austin, TX
2/1/12	Napoli, M. D.	3.90	1,941.23	Prepare for hearings (.5); attend hearings (3.4)
2/1/12	Napoli, M. D.	6.00	No Charge	Travel to/from Austin, TX
2/2/12	Brown, A. G.	2.50	475.13	Conduct and respond to telephone inquiry of one investor (.2); review and revise reconciliation of victims investment spreadsheet with licensee data (1.4); review Beste Request for Production and assemble documents in response to same (.5); review Intervenor's Objections to Receiver's Tenth Application for Fees and prepare spreadsheet regarding same (.4)
2/2/12	Espinosa, E. S.	5.30	1,696.00	Confer with J. Thomas regarding D. Kozick settlement offer, negotiations (.7); confer with A. Brown regarding Licensee Table (.4); review proposed court order (.3); prepare draft Statement of Financial Condition (.5); confer with A. Brown regarding subpoena production (.2); review correspondence between B. Rentea and J. Thomas regarding extension (.2); correspond with R. Carter

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Matter: State of Texas vs. Retirement Value LLC, et. al.  
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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
				(BKD) regarding check #1030 (.2); deposit Settlement Funds at Chase (.4); correspond with R. Carter regarding deposit details (.4); correspond with R. Roscher regarding Section 6(a)(2) of '40 Act (.2); correspond with R. Kipp regarding state tax notice (.1); review Section 12(g) of '34 Act as it applies to RV (.3); attend to discovery request (.2); attend to Objection regarding Fee App #10 (.4) attend to G&B' s Subpoena issued on behalf of J. Mortenson (.2); confer with M. Napoli regarding Protective Order and discussion regarding mediation (.6)
2/2/12	Napoli, M. D.	1.40	696.85	Correspondence with J. Thomas and E. Espinosa regarding licensee settlements (.3); e-mail correspondence with G. Pronske regarding confidentiality order (.4); e-mail correspondence with G. Pronske regarding mediation (.2); e-mail correspondence with T. Moran and K. Hinkle regarding Clearview proposal (.2); e-mail correspondence with E. Espinosa regarding Clearview proposal (.1); e-mail correspondence with D. Young regarding Vida subpoena (.1); review orders from court (.1)
2/2/12	Rosenblum, R. H.	0.40	298.65	Email regarding 1940 Act section 6(a)(2)
2/3/12	Brown, A. G.	2.70	513.14	Conduct and respond to telephone inquiry of two investors (.6); conduct research regarding investment of B. Dornan (.2); review incoming email and prepare responses to same (.2); conduct research regarding correct addresses for 6 investors (.8); draft letters enclosing copies of 12/31/2011 report and proposed plan to corrected addresses (.4); update client index (.5)
2/3/12	Espinosa, E. S.	0.90	288.00	Review correspondence between G. Pronske and M. Napoli regarding Protected Order (.1); correspond with P. Young and S. Cohen regarding G. Pronske's Subpoena (.1); confer with J. Thomas regarding Licensee's "inability to pay" (.3); telephone conference with Chase Bank (.1); correspond with P. Quigley (TLDI) and M. Napoli (.1) confer with M. Napoli and A. Brown regarding Doc Gallagher's contacts with investors (.2)
2/3/12	Napoli, M. D.	2.60	1,294.15	Negotiations with G. Pronske regarding protective order, Vida discovery and mediation (1.2); correspondence with D. Young and S. Crohn regarding protective order (.4); review Vida response to additional due diligence requests (.3); correspondence with A. Brown and E. Espinosa



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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
2/6/12	Brown, A. G.	2.50	475.13	regarding Gallagher communications with investors (.2); review correspondence from M. O'Donnell regarding discovery (.1); prepare response (.2); confer with J. Thomas regarding settlement and additional defendants (.3)
2/6/12	Napoli, M. D.	0.80	398.20	Conduct and respond to telephone inquiry of one investor (.3); review and revise reconciliation of victims investment spreadsheet with licensee data and conduct research regarding same (1.9); draft letter to investor's attorney enclosing the investor's RV files (.3)
2/6/12	Songer, J. H.	0.70	215.39	Revise letter to T. O'Connor and review documents regarding investor Orr (.2); revise letter to M. O'Donnell (.1); telephone conference with J. Thomas regarding settlements and new investor counsel (.3); review financial questionnaire for settling defendants (.2)
2/7/12	Brown, A. G.	0.50	95.02	Research whether Retirement Value can qualify for 6(a)(2) exemption; email correspondence and conversation with C. Meer regarding same
2/7/12	Dietz, M.S.	0.20	79.64	Review incoming court filings and update pleading files (.2); conduct and respond to telephone inquiry from one investor (.3)
2/7/12	Espinosa, E. S.	4.10	1,312.00	Docket call and brief telephone conference with M. Napoli.
2/7/12	Napoli, M. D.	6.70	3,334.92	Correspond with R. Kipp regarding Settlement supporting documents (.2); telephone conference with R. Carter regarding suspense items and reconcile same (.8); confer with D. Young, M. Napoli, G. Pronske and J. Thomas regarding Motion for Protective Order, Subpoena and Mediation (1.4); correspond with J. Lee regarding HCF policies (.2); review motion to dismiss appeal (.6); review Roger's Response to Receiver's MPSJ (.4); process A/P and transmit same to BKD (.5) Telephone conference with G. Pronske (.5); revise confidentiality order (.8); prepare motion for protective order (1.0); e-mail correspondence with D. Young regarding subpoena (.1); review and revise motion to dismiss appeal (.5); review Rogers' responses to motions for summary judgment (.8); telephone conferences with J. Thomas regarding responses and motion to dismiss appeal (.8); significant e-mail correspondence with G. Pronske regarding mediation, settlement and discovery (.9); conferences and correspondence with E. Espinosa and J. Thomas regarding

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Matter: State of Texas vs. Retirement Value LLC, et. al.  
 Client/Matter #: 1203981.00001

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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
2/8/12	Brown, A. G.	1.20	228.06	Beste/James mediation offer (1.2); correspondence with J. Lee regarding HCF policy valuation (.1) Conduct and respond to telephone inquiries of three investors (.7); review and organize Motion for Protective order and file same with court (.2); review incoming court filings and update pleading files (.3)
2/8/12	Caiazza, A. B.	0.50	No Charge	Participate in phone call concerning Retirement Value's status as an investment company under the Investment Company Act of 1940
2/8/12	Espinosa, E. S.	3.30	1,056.00	Confer with M. Napoli regarding withdrawal of PMS&J and Mediation (.4); review Modifications to Claims per settlement with Licensers (.5); organize discovery regarding Vida (.8); telephone conference with R. Rosenblum, M. Renetsky and D. Young (.5); follow up with D. Young (.5); correspond with G&B regarding expenses (.1); correspond with BKD regarding A/P and accounting entries (.4); review correspondence with R. Thornburn (Licensee) (.1)
2/8/12	Napoli, M. D.	7.70	3,832.68	Telephone conference with J. Thomas regarding withdrawal of MSJ (.5); Confer with E. Espinosa regarding MSJ on fraudulent transfer (.5); e-mail correspondence with J. Thomas regarding MSJ fraudulent transfer (.2); Telephone conference with R. Thornburn (.5); telephone conference with J. Thomas regarding Thornburn call and MSJ issues (.5); respond to RFP regarding Vida (1.8); analysis of potential SIPC coverage (.3); e-mail correspondence with A. Goldate, J. Hohengarten regarding Beste/James settlement overtures and potential mediation (1.0); confer with E. Espinosa regarding Beste/James settlement overtures and potential mediation (.4); e-mail correspondence with G. Weisbart regarding Beste/James settlement overtures and potential mediation (.5); analysis of Rogers bad faith affidavit and memo to J. Thomas regarding same (1.5)
2/8/12	Rosenblum, R. H.	0.80	597.30	Conference call with E. Espinosa and others regarding 1940 Act status issues; brief work preparing for same
2/8/12	Sanchez, J. R.	0.70	133.04	Prepare, organize, stage and load ESI into Ringtail in preparation for review/production per the request of M. Napoli.
2/9/12	Brown, A. G.	0.80	152.04	Conduct and respond to telephone inquiries of two investors (.5); review incoming court filings and update pleading files (.3)

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Matter: State of Texas vs. Retirement Value LLC, et. al.  
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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
2/9/12	Gonzalez, M.	7.00	1,140.30	Replicate for reproduction all CD/DVDs produced in matter with the assistance of Y. Solis.
2/9/12	Sanchez, J. R.	0.80	152.04	Prepare, organize, stage and load ESI into Ringtail in preparation for review/production per the request of M. Napoli.
2/10/12	Dietel, K.	1.20	461.56	Draft Order regarding the Ninth Application for Fees by the Receiver and Receiver's Counsel (.8); exchange e-mail correspondence with M. Napoli regarding same (.2); draft e-mail correspondence to J. Blair regarding Order (.2)
2/13/12	Brown, A. G.	1.30	247.07	Conduct and respond to telephone inquiry from one investor (.2); draft letters enclosing copies of 12/31/2011 Report and proposed plan to corrected addresses (.4); update client index (.3); office conference with M. Napoli regarding production in response to Beste RFP (.2)
2/13/12	Espinosa, E. S.	5.50	1,760.00	Draft RFP bullets for Clearwater (3.0); confer with M. Napoli regarding Beste plan and continued use of estate resources (.8); correspond with R. Kipp regarding 2011 1120S (.3); review correspondence from 3rd Circuit (.2); correspond with J. Thomas regarding licenses inquiries; review fax regarding same (.4); correspond with H. Ackels regarding Ed Milkie (.4); confer with R. Kipp regarding Settlement Income/Expenses (.4)
2/13/12	Napoli, M. D.	2.90	1,443.48	Review rulings from court of appeals (.1); e-mail correspondence with J Thomas regarding Milkie settlement negotiations (.1); confer with E Espinosa regarding Milkie (.2); review Vida documents (2.5)
2/13/12	Sanchez, J. R.	1.50	285.08	Prepare, organize, stage and load ESI and scanned documents into Ringtail in preparation for review per the request of M. Napoli.
2/14/12	Brown, A. G.	1.00	190.05	Conduct and respond to telephone inquiry from one investor (.3); review incoming court filings and update pleading files (.5); arrange for delivery of production set to Beste counsel (.2)
2/14/12	Espinosa, E. S.	1.90	608.00	Correspond with S. Barge regarding Tax Issues (.2); correspond with BKD regarding Chase statements (.2); confer with L. Edward regarding G. May's offer (.3); confer with M. Napoli regarding hearing outcome (.3); correspond with VIDA regarding additional due diligence; telephone conference with D. Young and S. Crohn regarding same (.5)

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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
2/14/12	Napoli, M. D.	6.10	3,036.28	Attend hearing on motions for summary judgment and fees (3.0); confer with J. Hohengarten, A. Goldate and J. Thomas regarding Beste/James settlement overtures (1.0); telephone conference with E. Espinosa regarding conversation with State and settlement overtures (.3); prepare discovery to Clearview (1.5); e-mail correspondence with G. Pronske regarding mediations (.3)
2/14/12	Napoli, M. D.	5.00	No Charge	Travel to/from Austin, TX
2/15/12	Brown, A. G.	0.50	95.03	Conduct and respond to telephone inquiry of two investors (3); review incoming court filings and update pleading files (.2)
2/15/12	Espinosa, E. S.	4.80	1,536.00	Confer with M. Napoli regarding telephone conference with G. Pronske (.4); telephone conference with M. Napoli and J. Thomas (.3); confer with M. Napoli regarding due diligence; request for production and objections to proposed plan (1.8); meet with M. Gandy from FINRA (.6); telephone conference with A. Brown regarding Notices of Appeal to Vida Fund documents (.4); review HCF valuations (.2); confer with G. Thomas regarding Gowen's Settlement (.2); telephone conference with WF regarding Account #8459 (.1); review due diligence checklist (.2); correspond with D. Young regarding Confidentiality/Protective Order (.3); correspondence with L. Edwards regarding TAR 1926 (.3)
2/15/12	Espinosa, E. S.	0.50	No Charge	Telephone conference with M. Napoli, M. Booe and T. McConnell
2/15/12	Napoli, M. D.	7.10	3,534.03	Prepare due diligence request for Clearview (3.0); review valuation of HCF policies (.2); e-mail correspondence with I. Antongiorgi regarding HCF valuation (.1); telephone conference with G. Pronske (.5); telephone conference with E. Espinosa regarding Pronske call (.4); telephone conference with J. Thomas regarding discovery extension for Beste and James (.3); respond to inquiry regarding policies (.2); conference with E. Espinosa regarding objections to plan, due diligence, requests for production (1.8); meet with M. Gandy of FINRA (.6)
2/15/12	Napoli, M. D.	0.50	No Charge	Telephone conference with T. McConnell, M. Booe and E. Espinosa
2/16/12	Brown, A. G.	0.20	38.01	Conduct and respond to telephone inquiry from one investor

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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
2/16/12	Espinosa, E. S.	4.60	1,472.00	Telephone conference with A. Goldate regarding scheduling telephone conference (.2); meeting with R. Kipp regarding receivership tax matters (.5); working session with M. Napoli regarding document production and draft objections to CV Plan (3.0); correspondence with J. Thomas regarding expenses and proposed settlements (.2); correspondence with ASG regarding invoice and projections (.2); telephone conference with T. Lozes regarding RV's material misrepresentations (.5)
2/16/12	Napoli, M. D.	7.70	3,832.68	Prepare due diligence request for Clearview (4.7); working session with on Vida production and objections to Clearview Plan (2.5); review/revise motion to dismiss appeal (.5)
2/16/12	Sanchez, J. R.	2.50	475.13	Electronically produce documents out of Ringtail per the request of M. Napoli.
2/17/12	Brown, A. G.	0.50	95.02	Conduct and respond to telephone inquiry from two investors (.3); review case files for copies of Cease and Desist orders from TSSB and TDI for RV in preparation for response to Beste RFP (.2)
2/17/12	Espinosa, E. S.	5.00	1,600.00	Review A. L. Jones Objection to Plan and confer with M. Napoli (.3); confer with J. Thomas regarding Fox (licensee) (.2); review draft due diligence request for Clearwater Plan (1.8); confer with D. Luther regarding same (.3); correspond with R. Kipp regarding PacLife 1099 INT (.2); correspond with R. Carter regarding G&B expenses (.2); correspond with E. Warner and D. Young regarding due diligence (.3); review ESE spreadsheets for document production and confer with M. Napoli regarding same (.9); correspond with D. Young regarding side letter issues (.3); transfer march premiums and correspond with BKD/ASG regarding same (.5)
2/17/12	Espinosa, E. S.	0.20	No Charge	Correspond with M. Booe regarding Wells Fargo
2/17/12	Luther, D.	0.30	169.69	Office conference with E. Espinosa regarding due diligence on bank
2/17/12	Napoli, M. D.	8.00	3,982.00	Prepare objections to CV Plan (3.8); e-mail correspondence with M. Hammond regarding Gray deposition (.1); e-mail correspondence with J. Thomas regarding motion to dismiss appeal and depositions (.2); prepare due diligence request to G. Pronske (2.0); review costs invoice from George & Brothers (.5); review additional Vida due diligence materials (1.0); e-mail correspondence to R. Sanchez regarding

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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
2/20/12	Brown, A. G.	0.60	114.03	production (.2); e-mail correspondence with D. Young regarding additional Vida materials (.2) Telephone conferences with B. Gill regarding issues with DVD's produced in response to Beste RFP (.3); conduct and respond to telephone inquiry of one investor (.2); draft email to R. Sanchez regarding re-burning of defective DVDs for response to Beste RFP (.1)
2/20/12	Dietel, K.	1.40	538.48	Review and revise Receiver's Responses to Defendant Michael Beste's Request for Production
2/20/12	Gonzalez, M.	0.20	32.58	Prepare additional DVD copies of produced materials for A. Brown.
2/20/12	Napoli, M. D.	9.10	4,529.52	Prepare response to Beste RFP (3.5); prepare objections to Clearview Plan (4.5); telephone conference with J. Thomas (.2); review additional Vida due diligence material (.9)
2/20/12	Sanchez, J. R.	0.70	133.04	Prepare and load ESI into Ringtail database for review and production per M. Napoli's request.
2/21/12	Brown, A. G.	2.80	532.14	Collect and prepare exhibits to Objections to Clearview plan (1.2); review and revise Objections to Clearview Plan and prepare for filing with court (.3); review and organize Response to Other Proposed Plans of Distribution and prepare for filing with court (.3); calendar hearings (.1); review incoming court filings and update pleading files (.5); meeting with B. Gill regarding revised DVD's produced in response to Beste RFP (.3); telephone conference with Beste counsel regarding revised DVDs (.1)
2/21/12	Napoli, M. D.	6.80	3,384.70	Prepare objection to Clearview Plan (2.5); prepare response to other plans (1.0); review and respond to Beste/James settlement offer (.6); e-mail correspondence with E. Espinosa regarding settlement offer (.2); telephone conference with J. Thomas (.3); telephone conference with I. Antongiorgi (.3); telephone conference with L. Edwards regarding 3606 Comal (.4); review various plan objections by intervenors and defendants (1.5)
2/22/12	Barge, J. S.	1.00	678.75	Liquidating trust analysis and memorandum
2/22/12	Napoli, M. D.	2.70	1,343.93	Confer with J. Thomas regarding settlement with Beste and documents from PNW (.3); prepare e-mail correspondence to E. Espinosa evaluating offer on 3606 Comal (.3); confer with E. Espinosa regarding offer on 3606 Comal (.3); e-mail correspondence with L. Edwards regarding counter offer, leasing and list price (.1); e-mail

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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
				correspondence with G. Weisbart regarding plans and Beste settlement (.1); review Meaglia counterclaim against Receiver (.4); research regarding Meaglia (0.8); correspondence to J. Thomas regarding response to counterclaim (.1); revise discovery request to PNW (.3)
2/23/12	Barge, J. S.	1.10	746.63	Telephone call with M. Napoli; review proposed plan; grantor trust research
2/23/12	Dietz, M.S.	1.00	398.20	Telephone conference with M. Napoli regarding status and strategy; review various emails and filings.
2/23/12	Napoli, M. D.	4.20	2,090.55	Review and analyze Clearview objection to Plan (2.0); prepare memo to E Espinosa regarding same (.3); prepare e-mail to S. Crohn and D. Young regarding objection (.1); telephone conference with A. Goldate, K. Kennedy and E. Espinosa regarding Beste/James settlement talks (1.0); confer with E. Espinosa regarding Clearview objection (.5); review letter from Court denying MSJs (.1); telephone conference with S. Barge regarding tax questions regarding Plan (.2)
2/24/12	Brown, A. G.	1.00	190.05	Conduct and respond to telephone inquiry of one investor (.2); review incoming court filings and update pleading files (.3); review files and phone records regarding contact from J. Donnantuoni (.4); draft email to M. Napoli and E. Espinosa regarding same (.1)
2/24/12	Napoli, M. D.	3.60	1,791.90	Evaluate settlement proposal by licensee (.2); confer with E. Espinosa and J. Thomas regarding same (.3); review multitude of filings by B. Rentea (.5); e-mail correspondence with B. Wright of Vida regarding additional due diligence information (.1); review additional Vida information (.2); review letter from 3rd Court regarding denial of motion to stay (.1); work on supplement to motion to approve plan (2.0); confer with R. Sanchez regarding additional production regarding Vida (.2)
2/24/12	Sanchez, J. R.	0.50	95.03	Prepare, organize, stage and load ESI into Ringtail for production per M. Napoli's request.
2/26/12	Barge, J. S.	1.90	1,289.63	Draft, revise, and review memorandum regarding distribution plan; grantor trust analysis
2/27/12	Barge, J. S.	1.30	882.38	Draft, revise, and review memorandum
2/27/12	Brown, A. G.	1.30	247.07	Conduct and respond to telephone inquiry from one investor (.2); draft email to M. Napoli regarding W. Orr investment status (.3); review incoming email and prepare responses regarding same (.4); draft letter to S. Morris (.4)

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Matter: State of Texas vs. Retirement Value LLC, et. al.  
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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
2/27/12	Dietz, M.S.	0.70	278.74	Worked on strategy and preparing for hearing and telephone conference with M. Napoli regarding the same.
2/27/12	Espinosa, E. S.	4.00	1,280.00	Telephone conference with S. Barge regarding proposed Plan of Distribution (.5); review 3rd Amended Answer from Rentea defendants (.2); correspond with L. Edwards regarding 3606 TAR 1404A (.3); correspond with P. Chicchi (investor) (.2); correspond with A. Cullen regarding premium (.2); correspond with J. Thomas (et al) regarding discovery efforts (.6); review W. Orr's files and confer with M. Napoli and A. Brown regarding same (.5); working session with M. Napoli regarding Beste Plan, Rogers Settlement Conference and taxes (1.5)
2/27/12	Gonzalez, M.	2.90	472.41	Organize, prepare and load George & Brothers RT 00001 thru RT 00232 documents into Ringtail for attorney review.
2/27/12	Napoli, M. D.	7.80	3,882.45	E-mail correspondence with S. Cowen regarding J Petry (.3); telephone conference with S. Cowen regarding J Petry (.5); review memo regarding tax issues (.2); telephone conference with G. Pronske (.3); prepare supplement to motion to approve plan (5.0); working session regarding Beste mediation, Rogers settlement conference and tax issues (1.5)
2/27/12	Sanchez, J. R.	3.00	570.15	Electronically produce documents out of Ringtail per M. Napoli's request.
2/28/12	Barge, J. S.	0.80	543.00	Telephone call with E. Espinosa and M. Napoli
2/28/12	Brown, A. G.	0.30	57.02	Conduct and respond to telephone inquiry from one investor (.1); review incoming court filings and update pleading files (.2)
2/28/12	Espinosa, E. S.	3.20	1,024.00	Review draft tax memo (.4); telephone conference with S. Barge and M. Napoli to review draft tax memo (.8); correspond with J. Thomas regarding R. Thorburn and fraudulent transfer (.6); confer with M. Napoli regarding potential mediation date (.2); correspond with ASG (.2); review Rule 11 Agreement (.4); review RV marketing materials regarding material misrepresentation (.6)
2/28/12	Gonzalez, M.	3.10	504.99	Organize, stage and load RT00001-RT00232 into Ringtail database for review; discussion and coordination for same with Y. Solis.
2/28/12	Napoli, M. D.	5.90	2,936.73	Prepare presentation for court (4.0); telephone conference with S Barge and E Espinosa regarding tax issues (.8); prepare supplement to motion to approve plan (1.0); e-mail correspondence with G Pronske regarding mediation (.1)



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<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
2/29/12	Brown, A. G.	1.00	190.05	Conduct and respond to telephone inquiry of one investor (.1); telephone conference with T. O'Connor, investor's attorney regarding assignment of investment (.5); review incoming court filings and update pleading files (.4)
2/29/12	Espinosa, E. S.	4.90	1,568.00	Review and revise Response to motion to stay (.7); telephone conference with T. O'Conner and W. Orr regarding W. Orr (investor) (.6); working session with M. Napoli regarding the settlement conference presentation (2.1); correspondence with A. Cullen at ASG regarding February premiums (.2); conference with J. Thomas and M. Napoli regarding R. Thornburn (.2); conference with J. Mortensen regarding payment and accounting for Special Receiver's expenses (.6); review RV marketing materials (.5)
2/29/12	Napoli, M. D.	8.00	3,982.00	Work on presentation for judge (6.4); review/revise response to motion to stay (.8); e-mail correspondence with D. Young regarding Vida due diligence documents (.2); review additional data from J. Lee (.3); e-mail correspondence with J Lee (.1); e-mail correspondence with J. Thomas and E. Espinosa regarding Thornburn settlement proposal (.2)
			TOTAL HOURS	235.80
			TOTAL FOR SERVICES	\$85,044.48

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Matter: State of Texas vs. Retirement Value LLC, et. al.  
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## TIMEKEEPER SUMMARY

<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Rosenblum, R. H.	1.20	746.63	895.95
Barge, J. S.	6.10	678.75	4,140.39
Luther, D.	0.30	565.63	169.69
Napoli, M. D.	103.00	497.75	51,268.28
Dietz, M.S.	6.20	398.20	2,468.84
Dietel, K.	2.60	384.63	1,000.04
Espinosa, E. S.	52.40	320.00	16,768.00
Songer, J. H.	0.70	307.70	215.39
Brown, A. G.	21.70	190.05	4,124.11
Sanchez, J. R.	9.70	190.05	1,843.51
Gonzalez, M.	13.20	162.90	2,150.28
Total for All Timekeepers	235.80	\$357.39	\$85,044.48

## INVOICE TOTAL

	<u>Fees</u>	<u>Expenses</u>	<u>Total</u>
Current Charges	85,044.48	0.00	85,044.48
<b>TOTAL BALANCE DUE THIS MATTER</b>			<b>\$85,044.48</b>

PAYMENT DUE IN FULL ON OR BEFORE APRIL 13, 2012

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## **Exhibit D**

**K&L | GATES**

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

Tax ID No. 25 0921010

T 214.939.5500

www.klgates.com

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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

March 14, 2012  
Invoice: 2545078  
Matter Desc.: Tracy Moss Lawsuit  
Client/Matter #: 1203981.00004

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This statement covers fees for legal services rendered and expenses incurred for your account during the period ending 02/29/2012. Detailed information regarding these fees and expenses is attached.

**Current Charges:**

Fees	1,619.99
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<b>Total Current Charges</b>	<b>\$1,619.99</b>
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PAYMENT FOR "CURRENT AMOUNT" IS DUE IN FULL ON OR BEFORE APRIL 13, 2012

*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: 2545078*

*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 2545078*

# K&L|GATES

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

Tax ID No. 25 0921018

T 214.939.5500

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

March 14, 2012  
Invoice: 2545078

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**FOR PROFESSIONAL SERVICES RECORDED AS OF 02/29/12:**

Matter: 1203981.00004

Matter Description: Tracy Moss Lawsuit

<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>	<u>Description</u>
2/3/12	Cousland, F. E.	0.30	77.38	Email B. Rentea regarding W. Rogers interview
2/7/12	Barbatsuly, G. P.	0.50	201.37	Review, revise and edit draft answer to complaint; conference with F. Cousland regarding same
2/7/12	Cousland, F. E.	3.60	928.55	Revise Answer, file, and serve
2/24/12	Cousland, F. E.	1.60	412.69	Telephone call from W. Rogers regarding T. Moss claims; draft memorandum regarding call
TOTAL HOURS				6.00
TOTAL FOR SERVICES				\$1,619.99

**TIMEKEEPER SUMMARY**

<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Barbatsuly, G. P.	0.50	402.73	201.37
Cousland, F. E.	5.50	257.93	1,418.62
Total for All Timekeepers	6.00	\$270.00	\$1,619.99

**INVOICE TOTAL**

	<u>Fees</u>	<u>Expenses</u>	<u>Total</u>
Current Charges	1,619.99	0.00	1,619.99
<b>TOTAL BALANCE DUE THIS MATTER</b>			<b>\$1,619.99</b>

PAYMENT DUE IN FULL ON OR BEFORE APRIL 13, 2012