

CAUSE NO. D-1-GV-10-000454

STATE OF TEXAS,

Plaintiff,

v.

RETIREMENT VALUE, LLC,  
RICHARD H. "DICK" GRAY, HILL  
COUNTRY FUNDING, LLC,  
HILL COUNTRY EUNDING, and  
WENDY ROGERS,

Defendants,

AND

JAMES SETTLEMENT SERVICES, LLC  
et al.,

Third Party Defendants.

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

126<sup>th</sup> JUDICIAL DISTRICT

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

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

**THE RECEIVER**

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

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

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

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

#### **RETENTION OF PROFESSIONALS**

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

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

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

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

#### **I. Asset Servicing Group**

The Receiver retained Asset Servicing Group (“ASG”) to act as portfolio manager for the estate’s 50 (originally 54) policies of life insurance. ASG’s fees represent ASG’s monthly servicing fee as well as fees and expenses related to optimization of premiums, and the collection of the insureds’ updated health information. In addition, ASG provided expert and consulting services in connection with the due diligence efforts associated with evaluating alternative plans of distribution. ASG’s fees for services rendered between July 2014 and November 2014 are \$16,578.65. Copies of ASG’s Invoice numbers #1429, #1444, #1473, and #1489 in the amounts of \$4,105.36, \$4,026.45, \$4,409.52 and \$4,037.32, respectively, are attached as **Exhibit A**.

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

#### **II. BKD, LLP**

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

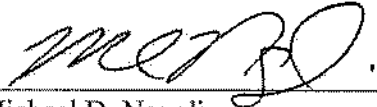
services range from \$130/hour for staff to \$365/hour for partner time. In this instance BKD has agreed to (i) cap its partners' billing rate @ \$325/hour; and (ii) set a target-blended rate of \$225. In addition to fulfilling the estate's bookkeeping function (administering accounts payable, accounts receivable and bank reconciliations), BKD prepares Retirement Value's Federal Income Tax return, Texas Franchise return, and maintains and updates investor contact information. BKD's fees for services rendered from July 2014 through October 2014 are \$5,052.00.00. Copies of BKD's Invoice numbers #366578 and #390032 in the amounts of \$2,292.00 and \$2,760.00, respectively are attached as **Exhibit B**.

#### **ARGUMENT**

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

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

Respectfully submitted,

By:   
Michael D. Napoli  
State Bar No. 14803400

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

Mary Schaerdel Dietz  
State Bar No. 03741500  
COX SMITH MATTHEWS INCORPORATED  
111 Congress Avenue, Suite 2800  
Austin, Texas 78701  
(512) 703-6300  
(512) 703-6399 (Fax)  
mdietz@coxsmith.com

COUNSEL FOR THE RECEIVER OF  
RETIREMENT VALUE, LLC

**CERTIFICATE OF SERVICE**

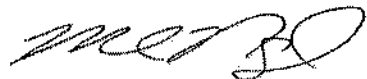
I hereby certify that a true and correct copy of the foregoing document has been forwarded to all counsel of record herein by:

- U.S. Mail, First Class (as to Lanahan)
- Certified Mail (return receipt requested)
- Facsimile
- Federal Express Delivery
- Hand Delivery
- Electronic Service

on this the 12<sup>th</sup> day of December 2014.

<p>Jack Hohengarten Susan Millsapps TEXAS ATTORNEY GENERAL Financial and Tax Litigation Division 300 W. 15<sup>th</sup> Street, Sixth Floor Austin, Texas 78711-2548 (512) 475-3503 (512) 477-2348 fax <a href="mailto:jack.hohengarten@texasattorneygeneral.gov">jack.hohengarten@texasattorneygeneral.gov</a> <a href="mailto:susan.millsapps@texasattorneygeneral.gov">susan.millsapps@texasattorneygeneral.gov</a> COUNSEL FOR THE STATE OF TEXAS</p>	<p>Michael Napoli Eduardo Espinosa COX SMITH MATTHEWS INC. 1201 Elm Street, Suite 3300 Dallas, Texas 75270 (214) 698-7800 (214) 698-7899 fax <a href="mailto:mnapoli@coxsmith.com">mnapoli@coxsmith.com</a> <a href="mailto:eespinosa@coxsmith.com">eespinosa@coxsmith.com</a></p> <p>Mary Schaerdel Dietz COX SMITH MATTHEWS INC. 111 Congress Avenue, Suite 2800 Austin, Texas 78701 (512) 703-6300 (512) 703-6399 fax <a href="mailto:mdietz@coxsmith.com">mdietz@coxsmith.com</a> COUNSEL FOR RV RECEIVER</p>
<p>R. James George Jr. John W. Thomas John R. McConnell GEORGE BROTHERS KINCAID &amp; HORTON, LLP 114 W Seventh, Suite 1100 Austin, Texas 78701-3015 (512) 495-1400 (512) 499-0094 fax <a href="mailto:rjgeorge@gbkh.com">rjgeorge@gbkh.com</a> <a href="mailto:jthomas@gbkh.com">jthomas@gbkh.com</a> <a href="mailto:jmccconnell@gbkh.com">jmccconnell@gbkh.com</a> COUNSEL FOR RV RECEIVERS</p>	<p>Isabelle M. Antongiorgi TAYLOR DUNHAM, LLP 301 Congress Avenue, Suite 1050 Austin, Texas 78701 (512) 473-2257 (512) 478-4409 fax <a href="mailto:iantongiorgi@tayloranddunham.com">iantongiorgi@tayloranddunham.com</a> COUNSEL FOR HCF RECEIVER</p>

<p>Geoffrey D. Weisbart Mia A. Storm WEISBART SPRINGER HAYES LLP 212 Lavaca Street, Suite 200 Austin, Texas 78701 (512) 652-5780 (512) 682-2074 fax <a href="mailto:gweisbart@wshllp.com">gweisbart@wshllp.com</a> <a href="mailto:mstorm@wshllp.com">mstorm@wshllp.com</a> COUNSEL FOR THE CAIN INTERVENORS</p>	<p>Alberto T. Garcia III GARCIA &amp; MARTINEZ, LLP 5211 W. Mile 17 1/2 Road Edinburg, Texas 78541 (956) 380-3700 (956) 380-3703 fax <a href="mailto:albert@garmtzlaw.com">albert@garmtzlaw.com</a> <a href="mailto:yoli@garmtzlaw.com">yoli@garmtzlaw.com</a> COUNSEL FOR THE HARRISON INTERVENORS</p>
<p>Bogdan Rentea RENTEA &amp; ASSOCIATES 1002 Rio Grande Street Austin, Texas 78701 (512) 472-6291 (512) 472-6278 <a href="mailto:brentea@rentealaw.com">brentea@rentealaw.com</a> <a href="mailto:nleake@rentealaw.com">nleake@rentealaw.com</a> COUNSEL FOR WENDY ROGERS AND THIRD PARTY DEFENDANTS COLEMAN, GALLAGHER, FEEKEN, GALLAGHER FINANCIAL, CASTELLANO, CERVENKA, GLOBAL DIRECT, SHIELDS, MARCO LOPEZ, REID THORBURN, THORBURN TRUST, YOUNG, CREATIVE WEALTH DESIGNS, CHADWICK, WOODS, DAVIDSON, SECURED FINANCIAL STRATEGIES, LLC, AND THORBURN FINANCIAL SERVICES</p>	<p>Meagan Martin STANDLY AND HAMILTON, LLP 325 N. St. Paul, Suite 3300 Dallas, Texas 75201 (214) 234-7900 (214) 234-7300 fax <a href="mailto:mmartin@standlyhamilton.com">mmartin@standlyhamilton.com</a> COUNSEL FOR HCF INVESTOR INTERVENORS</p>
<p>Milton G. Hammond LAW OFFICE OF MILTON G. HAMMOND 6406 La Manga Drive Dallas, Texas 75248 (214) 642-0881 (972) 782-4540 fax <a href="mailto:mghammondlaw@gmail.com">mghammondlaw@gmail.com</a> COUNSEL FOR THE MARLOW INTERVENORS</p>	<p>Carl Galant Nicholas P. Laurent MCGINNIS LOCHRIDGE &amp; KILGORE, LLP 600 Congress Avenue, Suite 2100 Austin, Texas 78701 (512) 495-6000 (512) 495-6093 fax <a href="mailto:cgalant@mcginnislaw.com">cgalant@mcginnislaw.com</a> <a href="mailto:nlaurent@mcginnislaw.com">nlaurent@mcginnislaw.com</a> COUNSEL FOR THIRD PARTY DEFENDANTS RON JAMES, DON JAMES, AND JAMES SETTLEMENT SERVICES</p>
<p>Gary J. Lenahan P.O. Box 1685 Pineville, West Virginia 24874-1685 PRO SE</p>	



Michael D. Napoli

**EXHIBIT "A"**





asset servicing group

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

# SERVICE INVOICE

Invoice Number: 1429  
 Invoice Date: Aug 10, 2014  
 Page: 1

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

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

Customer ID	Customer PO	Payment Terms
Retirement Value		Net 15 Days
Contact		Due Date
		6/25/14

Quantity	Description	Unit Price	Amount
51.00	ASG Policy Management Fee-July 2014	77.36	3,945.36
	Reimbursement of Postmaster Expense- See Jobs Report		46.00
	Reimbursement of Death Certificate Expense- See Jobs Report		114.00

Subtotal	4,105.36
Sales Tax	
Total Invoice Amount	4,105.36
Payment/Credit Applied	
<b>TOTAL</b>	<b>\$ 4,105.36</b>

Thank you for your business!



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

# SERVICE INVOICE

Invoice Number: 1444  
 Invoice Date: Sep 10, 2014  
 Page: 1

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

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

Customer ID	Customer PO	Payment Terms
Retirement Value		Net 15 Days
Contact		Due Date
		9/25/14

Quantity	Description	Unit Price	Amount
51.00	ASG Policy Management Fee-August 2014	77.36	3,945.36
	Reimbursement of postage expense- See Jobs Report		54.24
	Reimbursement of UPS Expense- See Jobs Report		26.85

Thank you for your business!

Subtotal	4,026.45
Sales Tax	
Total Invoice Amount	4,026.45
Payment/Credit Applied	
<b>TOTAL</b>	<b>\$ 4,026.45</b>



asset servicing group

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

# SERVICE INVOICE

Invoice Number: 1473  
 Invoice Date: Oct 15, 2014  
 Page: 1

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

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

Customer ID	Customer PO	Payment Terms
Retirement Value		Net 15 Days
Contact		Due Date
		10/30/14

Quantity	Description	Unit Price	Amount
50.00	ASG Policy Management Fee-September 2014	77.36	3,868.00
	ASG Death Processing Benefit- See Jobs Report		541.52

Thank you for your business!

Subtotal	4,409.52
Sales Tax	
Total Invoice Amount	4,409.52
Payment/Credit Applied	
<b>TOTAL</b>	<b>\$ 4,409.52</b>



# SERVICE INVOICE

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

Invoice Number: 1489  
 Invoice Date: Nov 10, 2014  
 Page: 1

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

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

Customer ID	Customer PO	Payment Terms
Retirement Value		Net 15 Days
Contact		Due Date
		11/25/14

Quantity	Description	Unit Price	Amount
50.00	ASG Policy Management Fee-October 2014	77.36	3,868.00
	Reimbursement of Office Supply Expense- See Jobs Report		142.59
	Reimbursement of UPS Expense-See Jobs Report		26.73

Subtotal	4,037.32
Sales Tax	
Total Invoice Amount	4,037.32
Payment/Credit Applied	
<b>TOTAL</b>	<b>\$ 4,037.32</b>

Thank you for your business!

**EXHIBIT "B"**

INVOICE

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

**AMOUNT ENCLOSED**

\$

Date: 09/29/14

Page: 1

Client#: 0065995 - Invoice#: BK00366578

**Please return top portion with payment**

Client#: 0065995 - Invoice#: BK00366578

Billing in connection with: Accounting service for July and August 2014 which includes monthly accounts payable and cash receipts, reconcile bank accounts and AJEs to reconcile bank accounts and AJES to reconcile the balance sheet accounts. This also includes the research and reprinting of investor distributions checks, changing investor addresses and updating investor accounts 1,680.00

14 hours @ \$120/hr (agreed upon amount)

Billing in connection the semi-annual cash report. 612.00

3 hours @ \$204/hr (85% of standard rate)

Invoice Total \$ 2,292.00

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

**Thank you for your business!**

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

Phone 918.584.2900 • Fax 918.584.2931



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

BKD Tax ID#: 44-0160260

INVOICE

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

AMOUNT ENCLOSED
\$

Date: 12/02/14

Page: 1

Client#: 0065995 - Invoice#: BK00390032

Please return top portion with payment

Client#: 0065995 - Invoice#: BK00390032

Billing in connection with: Accounting service for September and October 2014 with includes 2,760.00  
monthly accounts payable and cash receipts, reconcile bank accounts and AJEs to reconcile the  
balance sheet accounts. This also includes changing investor addresses, updating investor  
accounts, researching and reprinting investor distribution checks.

23 hours @ \$120/hr (agreed upon amount)

Invoice Total \$ 2,760.00

Invoices are due upon receipt unless detailed in engagement letter.

*Thank you for your business!*

BKD, LLP • Two Warren Place • 6120 S. Yale Avenue, Suite 1400 • Tulsa, OK 74136-4223  
Phone 918.584.2900 • Fax 918.584.2931