

**UNITED STATES BANKRUPTCY COURT  
FOR THE NOTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

<b>In re:</b>  <b>LIFE FUND, 5.1, LLC</b>  <b>Debtor.</b>	<b>Chapter 11</b>  <b>Case No. 09-32672</b>  <b>Hon. A. Benjamin Goldgar</b>
<b>In re:</b>  <b>LIFE FUND, 5.2, LLC</b>  <b>Debtor.</b>	<b>Chapter 11</b>  <b>Case No. 09-32674</b>  <b>Hon. A. Benjamin Goldgar</b>
<b>In re:</b>  <b>HOUSTON TANGLEWOOD PARTNERS, LLC</b>  <b>Debtor.</b>	<b>Chapter 11</b>  <b>Case No. 09-32676</b>  <b>Hon. A. Benjamin Goldgar</b>
<b>In re:</b>  <b>A&amp;O RESOURCE MANAGEMENT, LLC</b>  <b>Debtor.</b>	<b>Chapter 11</b>  <b>Case No. 09-32677</b>  <b>Hon. A. Benjamin Goldgar</b>
<b>In re:</b>  <b>A&amp;O LIFE FUND, LLC</b>  <b>Debtor.</b>	<b>Chapter 11</b>  <b>Case No. 09-32678</b>  <b>Hon. A. Benjamin Goldgar</b>
<b>In re:</b>  <b>A&amp;O BONDED LIFE ASSETS, LLC</b>  <b>Debtor.</b>	<b>Chapter 11</b>  <b>Case No. 09-32679</b>  <b>Hon. A. Benjamin Goldgar</b>
<b>In re:</b>  <b>A&amp;O BONDED LIFE SETTLEMENT, LLC</b>  <b>Debtor.</b>	<b>Chapter 11</b>  <b>Case No. 09-32681</b>  <b>Hon. A. Benjamin Goldgar</b>

**NOTICE OF MOTION**

To: See attached Service List

PLEASE TAKE NOTICE that on **Wednesday, September 23, 2009 at 9:30 a.m.** or as soon thereafter as counsel may be heard, we will appear before United States Bankruptcy Judge A. Benjamin Goldgar, or any other judge sitting in his stead, in Courtroom 613 of the Dirksen Federal Building, 219 S. Dearborn St., Chicago, Illinois, on the attached **DEBTORS' MOTION FOR AN ORDER EXTENDING THE TIME TO FILE SCHEDULES AND STATEMENTS OF FINANCIAL AFFAIRS**, at which time and place you may appear as you see fit.

**LIFE FUND 5.1, LLC, et. al.  
Debtors and Debtors in Possession**

By: /s/ Miriam R. Stein  
One of Their Proposed Attorneys

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**CERTIFICATE OF SERVICE**

I, Miriam R. Stein, an attorney, certify that I caused a copy of the Notice of Motion and Motion to be served on the parties listed on the attached service list by U.S. Mail with proper postage prepaid and by the Court's ECF System to those entities entitled to electronic service, on September 17, 2009.

By: /s/ Miriam R. Stein  
One of Their Proposed Attorneys

**LIFE FUND 5.1, LLC – SERVICE LIST**

CM/ECF Service Only:

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<b>In re:</b>  <b>A&amp;O BONDED LIFE ASSETS, LLC</b>  <b>Debtor.</b>	<b>Chapter 11</b>  <b>Case No. 09-32679</b>  <b>Hon. A. Benjamin Goldgar</b>
<b>In re:</b>  <b>A&amp;O BONDED LIFE SETTLEMENT, LLC</b>  <b>Debtor.</b>	<b>Chapter 11</b>  <b>Case No. 09-32681</b>  <b>Hon. A. Benjamin Goldgar</b>

**DEBTORS' MOTION FOR AN ORDER EXTENDING THE TIME TO FILE  
SCHEDULES AND STATEMENTS OF FINANCIAL AFFAIRS**

Life Fund 5.1, LLC; Life Fund 5.2, LLC; Houston Tanglewood Partners, LLC; A&O Resource Management, LLC; A&O Life Fund, LLC; A&O Bonded Life Assets, LLC; A&O Bonded Life Settlement, LLC, debtors and debtors in possession ("Debtors"), hereby present this Motion ("Motion") for entry of an order extending the time within which the Debtors must file its schedules and statement of financial affairs pursuant to Rule 1007 of the Federal Rules of Bankruptcy Procedure. In support of this Motion, the Debtors respectfully state as follows:

**JURISDICTION AND VENUE**

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.
2. Consideration of this Motion is a core proceeding pursuant to 28 U.S.C. § 157(b).
3. The statutory predicate for the relief requested is Rule 1007 of the Federal Rules of Bankruptcy Procedure.

**BACKGROUND**

4. On September 2, 2009 ("Petition Date"), the Debtors filed voluntary petitions for relief under Chapter 11, Title 11 of the United States Code ("Bankruptcy Code"). Since the Petition Date, the Debtors have operated their businesses and managed their assets as debtors in possession.

5. The Debtors are each limited liability companies. Life Fund 5.1 LLC, A&O Bonded Life Assets, LLC, Life Fund 5.2 LLC, A&O Bonded Life Settlements LLC and A&O Life Fund LLC are Illinois limited liability companies. The remaining two companies – Houston Tanglewood Partners LLC and A&O Resource Management LLC

– are Texas limited liability companies. Each of the Debtors' business office is located at 203 N. LaSalle, Suite 2100, Chicago, Illinois. Life Funds LP and its managing member Physicians Trust LLC are directly or indirectly the managing member and/or controlling entity of each of the seven Debtors.

6. The Debtors operate in the life settlement industry. The Debtors operational funds came from investor contributions. The Debtors used the investment funds to purchase life insurance policies and create a reserve account to satisfy policy premiums for the duration of the policy (i.e. until the insured's demise). The insurance proceeds collected upon maturity of any policies were to be distributed to the investors. The Debtors' operations, including the payment of policy premiums and distribution of proceeds, were managed by Shepherd Capital Management LLC.

7. The Debtors' life insurance policies have a total face value of over \$178,000,000 and a total current cash value of more than \$3,000,000.

8. An escrow account was established pre-petition at Prestige Title, Inc. ("Prestige"), a corporation organized and existing under the laws of the State of Mississippi, to hold all of the reserve funds of the Debtors which were used to pay insurance premiums. Due to on-going litigation in Mississippi against Prestige, many of the insurance companies have commenced proceedings to terminate the policies due to the non-payment of policy premiums.

9. On Friday, September 11, 2009, the Office of the United States Trustee ("UST") filed a Motion to Appoint a Chapter 11 Trustee in the above-captioned bankruptcy cases ("UST Motion"). A hearing on the UST Motion was set for Monday, September 14, 2009.

10. On September 13, 2009, a group of purported investors and creditors (“Objecting Creditors”) filed an Objection to Motion for the Appointment of a Chapter 11 Trustee. The objection was based upon the inadequate notice of the UST Motion.

11. At the September 14, 2009 hearing on the UST Motion, the Court agreed to continue the motion to Wednesday, September 16, 2009 to allow time for the Objecting Creditors to respond. The Court also allotted time for a potential evidentiary hearing in the afternoon.

12. On September 15, 2009, the Objecting Creditors filed a Motion to Dismiss the Case for Lack of Jurisdiction (“Motion to Dismiss”) on an emergency basis and also set the hearing for September 16, 2009.

13. On the morning of September 16, 2009, the Court continued the UST Motion to the afternoon for a potential evidentiary hearing. Additionally, the Court entered and continued the Objecting Creditors’ Motion to Dismiss until September 23, 2009.

14. At the afternoon hearing on September 16, 2009, the Debtors orally requested the Court enter an order converting the Debtors’ cases to liquidations under chapter 7 of the Bankruptcy Code. The Court denied the Debtors’ oral request for conversion and granted the UST Motion to appoint a Chapter 11 Trustee.

**RELIEF REQUESTED**

15. The Debtors seek the entry of an order extending the time within which they must file their schedules and statements of financial affairs.

**BASIS FOR RELIEF**

16. Rules 1007(b) and (c) of the Federal Rules of Bankruptcy Procedure (“FRBP”) provide that a chapter 11 debtor file its schedules and statement of financial affairs within fifteen (15) days after the filing of its voluntary petition. Fed. R. Bankr. P.

1007(b)-(c). FRBP 1007(c) further provides a bankruptcy court with the ability to extend a debtor's time to file its schedules and statements of financial affairs for cause. Fed. R. Bankr. P. 1007; *In re Dunford*, 408 B.R. 489, 493 (Bankr. N.D.Ill. 2009).

17. The Debtors' fifteen (15) day period for filing its schedules and statements of financial affairs is set to expire on September 17, 2009. Since the Petition Date, the Debtors have been in communication with the UST and cooperating with the UST's concerns regarding the appointment of a chapter 11 trustee or conversion to chapter 7.

18. While the Debtors are in the process of completing the schedules and statements of financial affairs, the time and attention the Debtors have spent in responding to the UST Motion and Motion to Dismiss have delayed completion of the Debtors' schedules and statements of financial affairs. Moreover, as there are seven (7) distinct entities in these cases, Debtors' counsel are required to prepare and file separate schedules and statements of financial affairs for each of the respective Debtors.

19. As such, the Debtors respectfully request that the Court grant an additional twenty (20) days and extend the date by which the schedules and statements of financial affairs must be filed until Wednesday, October 7, 2009. This date is one (1) week prior to the Debtors' § 341(a) meeting of creditors.

#### **NOTICE AND PRIOR REQUEST**

20. Notice of this Motion has been given pursuant to FRBP 1007(c) to: (a) the Office of the United States Trustee; (b) the proposed Chapter 11 Trustee; and (c) the Objecting Creditors. In light of the foregoing, the Debtors submit that no further notice is needed.

21. No prior request for the relief sought in this Motion has been made to this or any other Court.



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**ORDER EXTENDING TIME TO FILE SCHEDULES AND STATEMENTS OF  
FINANCIAL AFFAIRS**

This matter coming before the Court on the motion (the "Motion") of Life Fund 5.1, LLC; Life Fund 5.2, LLC; Houston Tanglewood Partners, LLC; A&O Resource Management, LLC; A&O Life Fund, LLC; A&O Bonded Life Assets, LLC; A&O Bonded Life Settlement, LLC, Debtors and Debtors in Possession in the above-captioned Chapter 11 cases ("Debtors"), for entry of an extending the time to file schedules and statements of financial affairs pursuant to Federal Rule of Bankruptcy Procedure 1007; adequate notice of the Motion having been given under the circumstances; and the Court being fully advised in the premises;

**IT IS HEREBY ORDERED THAT:**

1. The Motion is granted.
2. The Debtors shall file their respective schedules and statements of financial affairs on or before October 7, 2009.

Dated:

ENTERED:

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A. BENJAMIN GOLDGAR  
UNITED STATES BANKRUPTCY JUDGE