

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:	)	Chapter 11
)	
LIFE FUND 5.1, LLC, <i>et al.</i> , ¹	)	Case No. 09 B 32672
)	
Debtors.	)	Jointly Administered
	)	Hearing Date: March 17, 2010
	)	Hearing Time: 9:30 a.m.

**NOTICE OF HEARING ON APPLICATION OF CHAPTER 11 TRUSTEE JEFF
MARWIL TO RETAIN PROSKAUER ROSE LLP AS HIS COUNSEL
RETROACTIVE TO THE DATE OF HIS APPOINTMENT**

TO: SEE ATTACHED SERVICE LIST

PLEASE TAKE NOTICE that on **March 17, 2010, at 9:30 a.m.**, Jeff Marwil and/or the undersigned shall appear before the Honorable A. Benjamin Goldgar, United States Bankruptcy Judge for the United States Bankruptcy Court, Northern District of Illinois, Eastern Division, or any other Judge who may be sitting in his place and stead, in Courtroom 613 of the Dirksen Federal Building, 219 S. Dearborn Street, Chicago, Illinois, 60604, and then and there present for hearing the *Application of Chapter 11 Trustee Jeff Marwil to Retain Proskauer Rose LLP as His Counsel Retroactive to the Date of His Appointment*, a copy of which is enclosed herewith and hereby served upon you.

Dated: March 11, 2010

Respectfully Submitted,

JEFF MARWIL, not individually, but solely in his capacity as Chapter 11 Trustee

By: /s/ Jeremy T. Stillings
Jeremy T. Stillings (ARDC# 06279868)
PROSKAUER ROSE LLP
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Proposed Counsel to the Trustee

¹ The Debtors in the cases are: (1) Life Fund 5.1, LLC; (2) Life Fund 5.2, LLC; (3) A&O Life Fund, LLC; (4) A&O Resource Management, LLC; (5) A&O Bonded Life Settlement, LLC; (6) A&O Bonded Life Assets, LLC; and (7) Houston Tanglewood Partners, LLC.

CERTIFICATE OF SERVICE

I, Jeremy T. Stillings, an attorney, hereby certify that on March 11, 2010, I caused copies of the enclosed *Application of Chapter 11 Trustee Jeff Marwil to Retain Proskauer Rose LLP as His Counsel Retroactive to the Date of His Appointment* to be served upon those parties on the attached service list via overnight delivery or the Court's Electronic Case Filing system.

Dated: March 11, 2010

By: /s/ Jeremy T. Stillings

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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
)	
LIFE FUND 5.1, LLC, <i>et al.</i> , ¹	)	Case No. 09 B 32672
)	
Debtors.	)	Jointly Administered
	)	Hearing Date: March 17, 2010
	)	Hearing Time: 9:30 a.m.

**APPLICATION OF CHAPTER 11 TRUSTEE JEFF MARWIL
TO RETAIN PROSKAUER ROSE LLP AS HIS COUNSEL
RETROACTIVE TO THE DATE OF HIS APPOINTMENT**

Jeff Marwil, not individually, but solely in his capacity as chapter 11 trustee (the “Trustee”) to the bankruptcy estates of the above-captioned debtors (collectively, the “Debtors”), respectfully applies (this “Application”) to this Court for entry of an order, substantially in the form attached hereto as **Exhibit A**, authorizing the Trustee to employ and retain Proskauer Rose LLP (“Proskauer”) as his counsel *nunc pro tunc* to March 8, 2010 (the date of the Trustee’s appointment). In support of the Application, the Trustee relies on the Declaration of Marc Rosenthal of Proskauer (the “Rosenthal Declaration”) attached hereto as **Exhibit B** and incorporated herein by reference. In further support of the Application, the Trustee respectfully represents as follows:

Jurisdiction

1. The Court has jurisdiction over the Motion under 28 U.S.C. § 1334.
2. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

¹ The Debtors in the cases are: (1) Life Fund 5.1, LLC; (2) Life Fund 5.2, LLC; (3) A&O Life Fund, LLC; (4) A&O Resource Management, LLC; (5) A&O Bonded Life Settlement, LLC; (6) A&O Bonded Life Assets, LLC; and (7) Houston Tanglewood Partners, LLC.

3. Venue of these chapter 11 cases in this District is proper under 28 U.S.C. §§ 1408 and 1409.

4. The statutory and rule-based predicates for the relief requested herein are sections 105, 327, 328, 330, 503, 504 and 507 of title 11 of the United States Code (11 U.S.C. §§ 101–1532, as amended, the “Bankruptcy Code”), and rules 2014, 2016, and 5002 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

Background

5. Prior to the Petition Date (as defined below), the Debtors operated in the “life settlement” industry, soliciting funds from individual investors to acquire life insurance policies.

6. On September 2, 2009 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code, commencing the above-captioned chapter 11 cases (the “Chapter 11 Cases”).

7. On September 16, 2009, this Court granted a motion of the office of the United States Trustee (the “UST”) requesting appointment of a chapter 11 trustee under section 1104(a) of the Bankruptcy Code. On September 21, 2009, this Court approved the appointment of Patrick Collins (“Collins”) as chapter 11 trustee.

8. On October 13, 2009, a group of investors in and/or creditors of the Debtors requested a trustee election. On November 13, 2009, the UST: (a) conducted a meeting of creditors of the Debtors required by section 341 of the Bankruptcy Code; and (b) conducted an election for a chapter 11 trustee. Mr. Marwil won this election and on March 8, 2010, after an evidentiary hearing regarding the election, this Court entered an order appointing Mr. Marwil as Trustee. (Docket No. 335.)

9. Since the Petition Date, many events have occurred in the Chapter 11 Cases that require the Trustee to immediately retain counsel. For example, as chapter 11 trustee, Mr. Collins, among other things: (a) filed and served two adversary complaints that require immediate and continued prosecution (including responding to a motion to dismiss filed by one adversary defendant on March 10, 2010); (b) issued and initiated discovery on several parties in interest in the Chapter 11 Cases (including targets of potential litigation); and (c) retained experts to review, market, and locate potential purchasers for myriad life policy assets that form the bulk of the value of the Debtors' estates. Mr. Collins also retained his own counsel, which is transitioning its work in process to Mr. Marwil and Proskauer (in anticipation of Proskauer's retention). Counsel to Mr. Collins will not continue to serve as counsel to the Trustee (after a brief transition period).² The Trustee requires counsel to address these and all other issues that will arise in the Chapter 11 Cases and has selected Proskauer.

Relief Requested

10. The Trustee seeks the entry of an order, substantially in the form of the proposed order submitted herewith, pursuant to sections 327(a) and 330 of the Bankruptcy Code and Bankruptcy Rules 2014(a) and 2016, authorizing him to retain and employ Proskauer as his chapter 11 counsel.

The Retention of Proskauer

A. Proskauer's Qualifications

11. The Trustee selected Proskauer because its attorneys have extensive experience, knowledge and resources in the area of debtors' and creditors' rights, and, in addition to a

² The Trustee, Mr. Collins, counsel to Mr. Collins as chapter 11 trustee and Proskauer (as proposed counsel to the Trustee) are working cooperatively to effectuate a rapid transition in the Chapter 11 Cases and to ensure that there will be no unnecessary duplication of effort in connection therewith.

national bankruptcy practice, have extensive experience with litigation, dispute resolution and insurance recovery, including experience with the type of life policy assets that comprise the bulk of the value in the Debtors' estates. Proskauer has the ability to commit substantial resources to legal problems on an urgent basis. The Trustee, therefore, believes that Proskauer is well qualified to represent him in the Chapter 11 Cases.

12. Proskauer is well suited to represent the Trustee in the Chapter 11 Cases. Proskauer has extensive experience in handling large and complex chapter 11 cases, including the representations of TLC Vision Corporation, USI Senior Holdings, Inc., Philadelphia Newspapers, LLC, G.I. Joe's, Inc., Caritas Health Care, Inc., Whitehall Jewelers, Inc., and numerous other corporations and clients for which Proskauer has provided services similar to those described herein. Moreover, and as discussed below, Proskauer is a full-service, national law firm with expertise in litigation and specialists in insurance litigation, which the Trustee expects to be a significant issue in the Chapter 11 Cases. Thus, Proskauer has the requisite bankruptcy and other expertise on matters which have already and/or are likely to arise in the Chapter 11 Cases.

13. The primary attorneys anticipated to work on this engagement are Jeff Marwil, Jeremy Stillings, and Marc Rosenthal. Mr. Marwil is a partner at Proskauer with over 20 years of experience specializing in bankruptcy and creditors rights. Mr. Marwil has extensive experience in serving as a court-appointed fiduciary, including as trustee for the Bayou Hedge Fund Litigation Trust and as receiver for the Church Extension of the Church of God. Mr. Rosenthal is a partner at Proskauer with over 20 years of experience specializing in insurance recovery and related litigation. Mr. Stillings is an associate at Proskauer with seven years experience in bankruptcy and creditors rights, including representation of bankruptcy trustees.

Messrs. Marwil, Rosenthal and Stillings are members in good standing of the bar of the State of Illinois.

B. Services to Be Provided

14. The Trustee requires Proskauer to act as his counsel for insolvency and related matters and to render legal services relating to the day-to-day administration of the Debtors' estates and the controlled and orderly liquidation of the Debtors' estates and the myriad problems that may arise in these cases, including, without limitation, the following services:

- a. advising the Trustee of his powers under the Bankruptcy Code and duties to parties in interest in the Chapter 11 Cases;
- b. advising the Trustee regarding matters of bankruptcy law;
- c. representing the Trustee in proceedings and hearings in the United States District and Bankruptcy Courts for the Northern District of Illinois and elsewhere;
- d. preparing on behalf of the Trustee any necessary motions, applications, orders and other legal papers;
- e. providing assistance, advice and representation concerning the confirmation of any proposed plan(s) of liquidation and solicitation of any acceptances or responding to rejections of such plan(s);
- f. providing assistance, advice and representation concerning any investigation of the assets, liabilities and financial condition of the Debtors that may be required under local, state or federal law;
- g. analyzing assets of the Debtors' estates, determining how to liquidate such assets, and assisting in that process;
- h. reviewing, administering, and resolving claims against the Debtors' estates;
- i. prosecuting and defending litigation matters and such other matters that might arise during the Chapter 11 Cases; and
- j. performing such other legal services as may be necessary and appropriate for the efficient and economical administration of the Chapter 11 Cases.

C. Professional Compensation

15. The Trustee has determined to seek authority from this Court to employ Proskauer at Proskauer's customary hourly rates and under Proskauer's customary reimbursement policies, as set forth in the Rosenthal Declaration.

16. Subject to this Court's approval, Proskauer will charge for its legal services on an hourly basis in accordance with its hourly rates in effect on the date such services are rendered and for its actual, reasonable and necessary out-of-pocket disbursements incurred in connection therewith, as set forth in the Rosenthal Declaration. For the information of the Court, the range of hourly rates charged by Proskauer nationwide, subject to periodic adjustment, is:

Partner	\$450–\$1,025;
Senior Counsel	\$395–\$850;
Associate	\$195–\$675; and
Paraprofessionals	\$70–\$275.

Specifically, and to inform the Court of the hourly rates of the Proskauer attorneys anticipated to be most active in the Chapter 11 Cases: (a) Mr. Marwil's hourly rate is \$895, (b) Mr. Rosenthal's hourly rate is \$600, and (c) Mr. Stillings' hourly rate is \$525. Also expected to devote significant time to representing the Trustee in the Chapter 11 Cases is paralegal Renee Rice, whose hourly rate is \$195.

17. Proskauer intends to apply to the Court for allowance of compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the local rules of the United States Bankruptcy Court for the Northern District of Illinois, general orders of this Court, guidelines established by the UST, and such other procedures as may be fixed by order of the Court. Proskauer intends to seek payment of

compensation in compliance with the above rules, on an hourly basis, plus reimbursement of actual and necessary expenses incurred.

D. Proskauer's Disinterestedness

18. Based upon the Rosenthal Declaration, the Trustee believes that, except as set forth therein, Proskauer's partners and associates do not hold or represent any interest adverse to the Debtors and that Proskauer and each of its partners and associates is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code.

19. Based upon the Rosenthal Declaration, the Trustee believes that Proskauer's partners and associates have no connection with the Debtors, the Debtors' directors and executive management and the Debtors' professionals, except as set forth in the Rosenthal Declaration.

Basis for Relief

20. Section 327(a) of the Bankruptcy Code provides that a trustee, subject to court approval:

[M]ay employ one or more attorneys, accountants, appraisers, auctioneers, or other professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the [debtor] in carrying out the [debtor's] duties under [the Bankruptcy Code].

11 U.S.C. § 327(a).

21. Section 327(d) of the Bankruptcy Code permits the Court to "authorize the [T]rustee to act as an attorney... for the estate if such authorization is in the best interest of the estate." 11 U.S.C. § 327(d).

22. Bankruptcy Rule 2014(a) requires that an application for retention include:

[S]pecific facts showing the necessity for the employment, the name of the [firm] to be employed, the reasons for the selection, the professional services to be rendered, any proposed arrangement for compensation, and, to the best of the applicant's knowledge, all of the [firm's] connections with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee.

Fed. R. Bankr. P. 2014(a).

23. Based on the foregoing, the Trustee submits that he has satisfied the requirements of the Bankruptcy Code and the Bankruptcy Rules to support entry of an order authorizing him to employ and retain Proskauer in the Chapter 11 Cases.

24. The Trustee believes that the employment of Proskauer would be in the best interests of the Debtors' estates and desires to employ Proskauer, effective as of the date of his appointment, with compensation to be determined upon application to this Court.

Notice

25. Notice of this Motion shall be provided to: (a) the Office of the United States Trustee for the Northern District of Illinois, Eastern Division; (b) the Securities Exchange Commission; and (c) all parties who have requested notice in the Chapter 11 Cases. In light of the nature of the relief requested, the Trustee submits that no further notice is required.

WHEREFORE, the Trustee respectfully requests that the Court enter an order in substantially the form attached hereto as **Exhibit A** authorizing and approving the retention and employment by the Trustee of Proskauer as his counsel, effective as of March 8, 2010, and granting such other and further relief as this Court deems just and proper.

Dated: March 11, 2010
Chicago, Illinois

JEFF MARWIL, not individually, but
solely in his capacity as Trustee

/s/ Jeff Marwil

Jeff Marwil

Exhibit A

Proposed Order

attached hereto

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:	)	Chapter 11
)	
LIFE FUND 5.1, LLC, <i>et al.</i> , ¹	)	Case No. 09 B 32672
)	
Debtors.	)	Jointly Administered

**ORDER AUTHORIZING THE EMPLOYMENT AND RETENTION
OF PROSKAUER ROSE LLP AS COUNSEL TO
JEFF MARWIL, CHAPTER 11 TRUSTEE, NUNC PRO TUNC TO MARCH 8, 2010**

Upon the application [Docket No. ___] (the "Application")² of Jeff Marwil, not individually, but solely as chapter 11 trustee (the "Trustee") to the estates of the above-captioned debtors and debtors in possession (collectively, the "Debtors"), for entry of an order (this "Order") authorizing the Trustee to employ and retain Proskauer Rose LLP ("Proskauer") as lead counsel for the Trustee; the Court having reviewed the Application and the Declaration of Marc Rosenthal (the "Rosenthal Declaration") of Proskauer filed in connection therewith; the Court having heard the statements of counsel in support of the relief requested therein at a hearing thereon (the "Hearing"); the Court finding that: (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), (c) Proskauer does not hold or represent any interest adverse to the Debtors' estates, (d) Proskauer is a "disinterested person" as contemplated under sections 327 and 329 of the Bankruptcy Code, and (e) employment of Proskauer is necessary and in the best interests of the Debtors' estates, creditors, and other parties in interest; the Court finding that notice of the

¹ The Debtors in the cases are: (1) Life Fund 5.1, LLC; (2) Life Fund 5.2, LLC; (3) A&O Life Fund, LLC; (4) A&O Resource Management, LLC; (5) A&O Bonded Life Settlement, LLC; (6) A&O Bonded Life Assets, LLC; and (7) Houston Tanglewood Partners, LLC.

² Each capitalized term used, but not otherwise defined herein, shall have the meaning ascribed to such term in the Application.

Application and the Hearing given by the Trustee was sufficient under the circumstances; and the Court being fully advised in the premises and having determined that the legal and factual bases set forth in the Application, the Rosenthal Declaration, and at the Hearing establish just cause for the relief herein granted, and after due deliberation and cause appearing therefor, it is **HEREBY ORDERED** that:

1. The Application is granted as set forth herein.
2. The Trustee is authorized, pursuant to section 327(a) of the Bankruptcy Code, to engage Proskauer, effective as of March 8, 2010, upon the terms and for the purposes set forth in the Application, as counsel for the Trustee in the above-captioned chapter 11 cases and is authorized to pay Proskauer in accordance with the Application and other orders of the Court.
3. The Trustee is authorized and empowered to take all actions necessary to implement the relief granted in this Order.
4. Notwithstanding the possible applicability of Rules 6004, 7062 and 9014 of the Bankruptcy Rules, or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.
5. The Court shall retain jurisdiction over any matter or dispute arising from or relating to the implementation of this Order.

Dated: _____, 2010
Chicago, Illinois

United States Bankruptcy Judge

Exhibit B

Rosenthal Declaration

attached hereto

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:) Chapter 11
)
LIFE FUND 5.1, LLC, *et al.*,¹) Case No. 09 B 32672
)
Debtors.) Jointly Administered

DECLARATION IN SUPPORT OF APPLICATION OF JEFF MARWIL, CHAPTER 11 TRUSTEE, FOR AN ORDER AUTHORIZING THE EMPLOYMENT AND RETENTION OF PROSKAUER ROSE LLP NUNC PRO TUNC TO MARCH 8, 2010

I, Marc Rosenthal, being duly sworn according to law, depose and state that:

1. I am a partner of the firm of Proskauer Rose LLP (“Proskauer”), which maintains an office for the practice of law at Three First National Plaza, 70 West Madison, Suite 3800, Chicago, Illinois 60602. I am an attorney duly licensed in and am a member in good standing of the bar for the State of Illinois and am admitted to practice before the United States District Court for the Northern District of Illinois. I submit this Declaration in support of the entry of an order authorizing the retention of Proskauer as lead counsel for Jeff Marwil, not individually, but solely in his capacity as chapter 11 trustee (the “Trustee”) to the estates of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) in the above captioned chapter 11 cases (the “Chapter 11 Cases”), pursuant to section 327(a) of title 11 of the United States Code (11 U.S.C. §§ 101-1532, the “Bankruptcy Code”), and to comply with sections 328 and 504 of the Bankruptcy Code and rules 2014(a) and 5002 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

¹ The Debtors in the cases are: (1) Life Fund 5.1, LLC; (2) Life Fund 5.2, LLC; (3) A&O Life Fund, LLC; (4) A&O Resource Management, LLC; (5) A&O Bonded Life Settlement, LLC; (6) A&O Bonded Life Assets, LLC; and (7) Houston Tanglewood Partners, LLC.

Services To Be Rendered

2. The Trustee requires Proskauer to act as his counsel for insolvency and related matters and to render legal services relating to the day-to-day administration of the Debtors' estates and the controlled and orderly liquidation of the Debtors' estates and the myriad problems that may arise in these cases, including, without limitation, the following services:

- a. advising the Trustee of his powers under the Bankruptcy Code and duties to parties in interest in the Chapter 11 Cases;
- b. advising the Trustee regarding matters of bankruptcy law;
- c. representing the Trustee in proceedings and hearings in the United States District and Bankruptcy Courts for the Northern District of Illinois and elsewhere;
- d. preparing on behalf of the Trustee any necessary motions, applications, orders and other legal papers;
- e. providing assistance, advice and representation concerning the confirmation of any proposed plan(s) of liquidation and solicitation of any acceptances or responding to rejections of such plan(s);
- f. providing assistance, advice and representation concerning any investigation of the assets, liabilities and financial condition of the Debtors that may be required under local, state or federal law;
- g. analyzing assets of the Debtors' estates, determining how to liquidate such assets, and assisting in that process;
- h. reviewing, administering, and resolving claims against the Debtors' estates;
- i. prosecuting and defending litigation matters and such other matters that might arise during the Chapter 11 Cases; and
- j. performing such other legal services as may be necessary and appropriate for the efficient and economical administration of the Chapter 11 Cases.

3. Proskauer will take care not to duplicate the efforts of any other counsel or professionals engaged in the Chapter 11 Cases.

Statement of Connections

4. Neither the firm of Proskauer, any partner or associate thereof, nor I, insofar as I have been able to ascertain, represents any interest adverse to that of the Debtors' estates in the matters upon which the Trustee seeks to engage Proskauer, and I believe the firm to be a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code.

5. Except as otherwise set forth herein, neither the firm of Proskauer, any partner or associate thereof, nor I, insofar as I have been able to ascertain, has any connection with the Potential Parties in Interest (as defined below), except that the firm, its partners and associates and I: (a) may appear, may have appeared and may in the future appear in cases or proceedings under the Bankruptcy Code or otherwise not related to the Debtors where one or more of the aforesaid parties may have been or may be involved; and (b) may represent, may have represented or may in the future represent certain creditors and Potential Parties in Interest of the Debtors in matters not related to the Debtors.

6. Neither the firm of Proskauer, any partner or associate thereof, nor I, insofar as I have been able to ascertain, is so connected with any Judge of the United States Bankruptcy Court for the Northern District of Illinois (Eastern Division), the United States Trustee (Region 11) or the Assistant Trustees or Trial Attorneys for the office of the United States Trustee, as to render the appointment of Proskauer, as counsel for the Trustee, inappropriate under Bankruptcy Rule 5002(b).

7. Neither the firm of Proskauer, any partner or associate thereof, nor I, insofar as I have been able to ascertain, is or was a creditor, an equity holder or insider of the Debtors.

8. Neither the firm of Proskauer, any partner or associate thereof, nor I, insofar as I have been able to ascertain, is or was a director, officer or employee of the Debtors as defined in section 101(14)(B) or (C) of the Bankruptcy Code within two years before the date of this filing.

9. Except as described herein, neither the firm of Proskauer, any partner or associate thereof, nor I, insofar as I have been able to ascertain, has an interest materially adverse to the interest of the estates or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors.

10. On the basis of the above, I believe the firm of Proskauer to be a “disinterested person” within the meaning of section 101(14) of the Bankruptcy Code.

11. Relationships between Proskauer (on the one hand) and the Debtors and/or their creditors or affiliates (on the other hand) may presently exist, may have existed in past years and may exist in the future. Any such contacts or relationships do not relate to the Debtors’ bankruptcy cases and thus do not create any conflicts with respect to Proskauer’s representation of the Trustee. Proskauer is a large law firm with nearly 700 attorneys in twelve offices; as such, the firm’s conflict clearance procedures are understandably complex. Nonetheless, as of the date of this Declaration, the firm believes it has materially completed its investigation of its contacts with these cases, based on the information provided to Proskauer by the Trustee. If additional information arises, Proskauer will further pursue its investigation.

12. The firm has conducted, and continues to conduct, research into its relationships with the Debtors and various parties in interest.

13. In addition to the above investigation, the Trustee provided to Proskauer, or Proskauer otherwise procured, the names on the list attached hereto as **Exhibit 1**, including the following individuals or entities who may be parties in interest to the Chapter 11 Cases: the

Debtors, the Debtors' executive management and certain of the Debtors' professionals (collectively, the "Potential Parties in Interest").

14. Proskauer then entered the names of the Potential Parties in Interest into a computer database containing the names of all clients and conflict information concerning such clients of Proskauer. Through the information generated from the above-mentioned computer inquiry, and through follow-up inquiries with Proskauer's attorney(s) as described herein, it was determined that Proskauer had represented no party adverse to the Debtors or the Debtors' estates with respect to the matters on which Proskauer is to be employed. None of Proskauer's representations constitutes a conflict with Proskauer's representation of the Trustee.

15. Based on the conflicts clearance process identified above, certain Potential Parties in Interest, who may be designated as creditors of the Debtors, were revealed to be a current or former client of Proskauer or an affiliate of a current or former client of Proskauer, as set forth in **Exhibit 2** attached hereto, in connection with matters wholly unrelated to the Debtors and these cases. With respect to any creditor or other party in interest that Proskauer represents in matters not related to the Debtors, in the event that the Debtors assert claims or causes of action against such entities, conflict counsel will be employed and Proskauer lawyers working for such clients will not work on the this matter.

16. None of such current or former representations constitutes a conflict with Proskauer's representation of the Trustee.

17. The aforementioned matters are subject to the same restrictions Proskauer places on all such representations in the context of a chapter 11 debtor or trustee representation. Without obtaining appropriate waivers, if necessary, Proskauer will not represent the Trustee in an adversary proceeding against any client. In addition, Proskauer will not represent any client

on any matter involving the Debtors while engaged as the Trustee's counsel in the Chapter 11 Cases.

18. While Proskauer has undertaken, and continues to undertake, efforts to identify connections with the Debtors and other parties in interest, it is possible that connections with some parties in interest have not yet been identified. Should Proskauer, through its continuing efforts, learn of any new connections of the nature discussed herein, Proskauer will so advise the Court.

19. Since all representations of the Potential Parties in Interest are not related to the Debtors' bankruptcy cases, none of such representations constitutes a conflict with Proskauer's representation of the Trustee.

20. Proskauer will not, while employed by the Trustee, represent any other entity having an adverse interest in the matters upon which the Trustee seeks to engage Proskauer during the pendency of the Chapter 11 Cases.

Statement Under Sections 329 and 504 of the Bankruptcy Code and Under Federal Rule of Bankruptcy Procedure 2016

21. In accordance with sections 329 and 504 of the Bankruptcy Code and Bankruptcy Rule 2016, I hereby state that neither I nor Proskauer has entered into any agreements, express or implied, with any other party in interest, including the Debtors, any creditor or investor of the Debtors, or any attorney for such party in interest in the Chapter 11 Cases, for the purpose of sharing or fixing fees or other compensation to be paid to any such party in interest or its attorneys for services rendered in connection therewith.

22. A schedule of the range of Proskauer's 2010 standard hourly rates is attached hereto as **Exhibit 3**. The Proskauer professionals currently expected to devote substantial time to these matters (and their current standard hourly rates) are: Jeff Marwil (\$895), Marc Rosenthal

(\$600), Jeremy Stillings (\$525), and Renee Rice (\$195). Other attorneys and paralegals may from time to time serve the Debtors in connection with the matters herein described. The hourly rates charged by Proskauer's professionals differ based on, among other things, the professional's level of experience and the rates normally charged in the location of the office in which the professional is resident. It is Proskauer's policy to adjust these rates periodically to reflect economic and other conditions.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on March 11, 2010

By: /s/ Marc Rosenthal
Name: Marc Rosenthal

Exhibit 1 (to Rosenthal Declaration)

[Potential Parties in Interest]

The Debtors

LIFE FUND 5.1, LLC
LIFE FUND 5.2, LLC
A&O BONDED LIFE ASSETS, LLC
A&O BONDED SETTLEMENTS, LLC
A&O LIFE FUND, LLC
HOUSTON TANGLEWOOD PARTNERS, LLC
A&O RESOURCE MANAGEMENT LTD.

Other Potential Creditors and Parties in Interest

A&O LIFE FUND MANAGEMENT
A&O LIFE FUNDS LP
A&O LIFE FUNDS MANAGEMENT, LLC
ADLEY ABDULWAHAB
AIG
AIG AMERICAN GENERAL
AMERICAN GENERAL
AMERICAN INTERNATIONAL GROUP
AVIVA
BLUE DIAMOND CAPITAL GROUP, LLC
BRENT ONCALE
CHRIS ALLMENDINGER
COUNTRYWIDE FINANCIAL
GENWORTH
GENWORTH LIFE AND ANNUITY INSURANCE COMPANY
HIBERNIA BANK
ING RELIASTAR
ING SECURITY LIFE INSURANCE
JOHN HANCOCK
JOHN HANCOCK LIFE INSURANCE COMPANY
JW COLE FINANCIAL
JW COLE FINANCIAL, INC.
LIFE FUND 5.1 MANAGEMENT, LLC
LIFE FUND 5.2 MANAGEMENT, LLC
LINCOLN BENEFIT LIFE
LINCOLN BENEFIT LIFE COMPANY
LINCOLN FINANCIAL
LINCOLN FINANCIAL GROUP
MASSACHUSETTS MUTUAL LIFE
MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
METLIFE
NATIONAL LIFE INSURANCE
NATIONAL LIFE INSURANCE CO.
PACIFIC LIFE INSURANCE
PACIFIC LIFE INSURANCE COMPANY
PHOENIX INSURANCE
PHOENIX LIFE INSURANCE
PHOENIX LIFE INSURANCE COMPANY
PHYSICIAN'S TRUST LLC

PRESTIGE TITLE
PRESTIGE TITLE, INC.
PRINCIPAL FINANCIAL
PRINCIPAL FINANCIAL GROUP
PROVIDENT CAPITAL INDEMNITY, LTD.
PROVIDENT CAPITAL OF COSTA RICA
PRUDENTIAL
PRUDENTIAL FINANCIAL
RUSSELL MACKERT
SHEPHARD CAPITAL MANAGEMENT
SUN LIFE
SUN LIFE FINANCIAL
TRANSAMERICA
TURN KEY HEDGE FUNDS, INC.
WEST COAST LIFE INSURANCE
WEST COAST LIFE INSURANCE COMPANY
WESTCOAST LIFE

Exhibit 2 (to Rosenthal Declaration)

[Potential parties in interest that are (or are affiliates of) current or former clients of Proskauer
Rose LLP in unrelated matters (from search results as of January 12, 2010)]

**All entities listed on this exhibit represent less than 1% of Proskauer's annual revenues for
the past five (5) years.**

1. AIG
2. AMERICAN GENERAL
3. AVIVA
4. COUNTRYWIDE FINANCIAL
5. ING SECURITY LIFE
6. LINCOLN FINANCIAL GROUP
7. MASSACHUSETTS MUTUAL LIFE
INSURANCE COMPANY
8. METLIFE
9. NATIONAL LIFE INSURANCE CO.
10. PACIFIC LIFE INSURANCE
11. PHOENIX LIFE INSURANCE COMPANY
12. PRINCIPAL FINANCIAL GROUP
13. PRUDENTIAL
14. PRUDENTIAL FINANCIAL
15. SUN LIFE
16. TRANSAMERICA
17. WEST COAST LIFE INSURANCE COMPANY

Exhibit 3 (to Rosenthal Declaration)

[Proskauer Range of Hourly Billing Rates]

<u>Professionals</u>	<u>2010 Hourly Rates¹</u>
Partners	\$450 – 1,025
Senior Counsel	\$395 – 850
Associates	\$195 – 675
Paraprofessionals	\$70 – 275

¹ Proskauer periodically adjusts its firmwide billing rates to reflect economic changes in the market in which it operates. While no such adjustment will be applied specifically to the Debtors alone, Proskauer anticipates that any such firmwide adjustment will also apply to the Debtors and will be reflected in the fee applications submitted to the Court.