

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

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

**SUPPLEMENTAL 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. On March 11, 2010, I submitted a 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”). I hereby supplement that declaration as follows:

---

<sup>1</sup> 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.

**Supplemental Statement of Connections**

2. 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.

3. 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.

4. 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).

5. 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.

6. 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.

7. 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.

8. 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.

9. 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.

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

11. Proskauer obtained 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: bankruptcy judges in the Northern District of Illinois, attorneys for the Office of the United

States Trustee for Region 11, and certain individuals or entites with whom the Debtors or their principals may have had a business or other relationship (collectively, the “Potential Parties in Interest”).

12. Proskauer 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), 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.

13. The conflicts clearance process revealed that one Potential Party in Interest may 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. Proskauer’s investigation into this relationship continues. 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.

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

15. 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.

16. 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.

17. 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.

18. 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.

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

Executed on March 17, 2010

By: /s/ Marc Rosenthal  
Name: Marc Rosenthal

**Exhibit 1 (to Supplemental Rosenthal Declaration)**

[Potential Parties in Interest]

**Bankruptcy Judges N.D. III.**

A. Benjamin Goldgar  
Bruce W. Black  
Carol A. Doyle  
Eugene R. Wedoff  
Jack B. Schmetterer  
Jacqueline P. Cox  
John D. Schwartz  
John H. Squires  
Manuel Barbosa  
Pamela S. Hollis  
Susan Pierson Sonderby

Sandra S. Carrington  
Security Life of Denver Insurance  
Company  
Sidonia Kohn  
W Financial

**Office of the US Trustee**

Gretchen Silver  
Richard Friedman

**Other Potential Creditors and Parties in Interest**

Bayou City Escrow, Inc.  
Cal Durham  
Columbus Life Insurance Company  
Consolidated Wealth Holdings, Inc.  
David White  
Dorothy Wright  
Helen Gratzner Veasaw  
Helen Larner  
Ideal Settlements Corporation  
James Butters  
Jimmie L. Proud  
John Spaulding  
Johnson, Spalding, Doyle, West & Trent,  
LLP  
Laura Spalding  
Lincoln Benefit Life Insurance Company  
Magdalene Cazares Coursey  
Mary Mangione  
Mildred Jemison  
Richard A. Carrington

**Exhibit 2 (to Supplemental 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 16, 2010)]

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

1. David White (potential client or client affiliate – investigation continues)