

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
	)	<b>Hearing Date: March 29, 2010</b>
	)	<b>Hearing Time: 10:00 a.m.</b>
	)	<b>**If necessary – See notice below**</b>

**NOTICE OF HEARING ON ROUTINE MOTION OF  
CHAPTER 11 TRUSTEE TO PAY BOND PREMIUM**

**TO: SEE ATTACHED SERVICE LIST**

**PLEASE TAKE NOTICE** that on **March 29, 2010, at 10:00 a.m. (the “Hearing Date”)**, the undersigned may 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 **Routine Motion of Chapter 11 Trustee to Pay Bond Premium (the “Motion”)**, a copy of which is enclosed herewith and hereby served upon you.

**PLEASE TAKE FURTHER NOTICE THAT THE MOTION IS A ROUTINE MOTION AND THAT, PURSUANT TO LOCAL RULE 9013-9, THE COURT MAY ENTER THE PROPOSED ORDER ENCLOSED WITH THE MOTION UNLESS, PRIOR TO THE HEARING DATE, A PARTY IN INTEREST NOTIFIES THE JUDGE OF AN OBJECTION TO THE MOTION.**

Dated: March 22, 2010

Respectfully Submitted,

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

By: /s/ Jeremy T. Stillings  
Jeff Marwil (ARDC# 06194054)  
Jeremy T. Stillings (ARDC# 06279868)  
PROSKAUER ROSE LLP  
70 West Madison, Suite 3800  
Chicago, Illinois 60602-4342  
(312) 962-3529  
(312) 962-3551 (Fax)  
*Counsel to the Trustee*

<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.

**CERTIFICATE OF SERVICE**

I, Jeremy T. Stillings, an attorney, hereby certify that on March 22, 2010, I caused copies of the enclosed **Routine Motion of Chapter 11 Trustee to Pay Bond Premium** to be served upon those parties on the attached service lists via US Mail or the Court's Electronic Case Filing system, as indicated.

Dated: March 22, 2010

By: /s/ Jeremy T. Stillings

<b>ECF Service List</b>	
OFFICE OF THE US TRUSTEE RICHARD C FRIEDMAN & SANDRA RASNAK 219 S DEARBORN, ROOM 873 CHICAGO, IL 60604-1702	ARNSTEIN & LEHR, LLP ATTN: MICHAEL GESAS & MIRIAM STEIN 120 SOUTH RIVERSIDE PLAZA SUITE 1200 CHICAGO, IL 60606-3910
CHAPMAN & CUTLER LLP DAVID T B AUDLEY & CARLY JONES 111 W MONROE, SUITE 1600 CHICAGO, IL 60603	FUNKHOUSER VEGOSEN LIEBMAN & DUNN, LTD DANIEL GRAHAM & NEIL ROSENBAUM 55 WEST MONROE ST. SUITE 2300 CHICAGO, IL 60603
GOULD & RATNER LLP ATT: MARK E. LEIPOLD ATTY FOR BETTY WILLIS 222 N. LASALLE ST., SUITE 800 CHICAGO, IL 60601	GROCHOCINSKI, GROCHOCINSKI & LLOYD, LTD. ATT: ARIANE HOLTSCHLAG ATTY FOR MARY RYBARZYK 1900 RAVINIA PLACE ORLAND PARK, IL 60462
HIRSCH & WESTHEIMER, P.C. ATT: MICHAEL J. DURRSCHMIDT BANK OF AMERICA CENTER, 25TH FL. 700 LOUISIANA HOUSTON, TX 77002	JOHNSON, TRENT, WEST & TAYLOR, LLP ATTN: LORI HOOD & DEBORAH FRITSCHKE 919 MILAM SUITE 170 HOUSTON, TX 77002
JONES, MORRIS, LLP ATT: ERIN E. JONES 2700 POST OAK STE 1120 HOUSTON, TX 77056	KATTEN MUCHIN ROSENMAN LLP ATT: PAIGE E. BARR ATTORNEY FOR MS. GRACE JOHNSON 525 WEST MONROE STREET CHICAGO, IL 60661
OFFICE OF THE TEXAS ATTORNEY GENERAL ATTN: EDITH STUART PHILLIPS BANKRUPTCY & COLLECTION DIVISION PO BOX 12548, MC-008 AUSTIN, TX 78711	SHAW GUSSIS FISHMAN ATTN: GORDON GOUVEIA 321 N CLARK, STE 800 CHICAGO, IL 60654
SMITH AMUNDSEN LLC BRIAN M GRAHAM 150 N MICHIGAN, SUITE 3300 CHICAGO, IL 60601	VEDDER PRICE ATTN: MICHAEL EIDELMAN & ARLENE GELMAN 222 N. LASALLE STREET SUITE 2600 CHICAGO, IL 60601

United States Mail Service List	
BLALOCK, WALTERS, HELD & JOHNSON, P.A. ATT:MARY FABRE LEVINE, ESQ. ATTY FOR JOHN G. FRANK 802 11TH STREET WEST BRADENTON, FL 34205	ASHLEY MCKEAND GIBBS & BRUNS LLP 1100 LOUISIANA, SUITE 5300 HOUSTON, TX 77002
BRACEWELL & GIULIANI LLP ATTN: DEAN TILLOSTSON & TONY VISAGE 711 LOUISIANA STREET SUITE 2300 HOUSTON, TX 77002	FORIZS & DOGALI, P.A. ATTN: ZALA FORIZS 4301 ANCHOR PLAZA PKWY, STE 300 TAMPA, FL 33634
GERSTNER & GERSTNER ATT: J.GERSTNER & M. GERSTNER ATTY FOR NANCY J. GROPP 53 W. JACKSON BLVD., SUITE 1538 CHICAGO, IL 60604	HAL F. MORRIS ASSISTANT ATTORNEY GENERAL TEXAS ATTY GENERAL'S OFFICE PO BOX 12548, MC-008 AUSTIN, TX 78711-2548
IDEAL SETTLEMENTS CORP ATTN: ROBERT TAURISA, AGENT OR OTHER OFFICER OR MNG AGENT 3401 SHORELINE DRIVE ALLENWOOD, NJ 08720	JACKSON WALKER LLP JANET DOUVAS CHAFIN 1401 MCKINNEY, SUITE 1900 HOUSTON, TX 77010
NANCY J. GROPP 5837 ELECTRIC AVENUE BERKELEY, IL 60163-1522	LANGLEY & BANACK INC DAVID S GRAGG TRINITY PLAZA II, 9TH FLOOR 745 E MULBERRY SAN ANTONIO, TX 78212-3166
WALDRON & SCHNEIDER, LLP ATTN: MARC H. SCHNEIDER ATTORNEY TO TROY BROUSSARD & IVO DABELIC UNIVERSITY PARK 15150 MIDDLEBROOK DRIVE HOUSTON, TX 77058	PATRICIA A. NAVIN 32 MILL ROAD HAMPTON, NH 03842

<p>PHELAN HALLINAN &amp; SCHMIEG, LLP ATT: JUDITH T. ROMANO, ESQ. ATTY FOR INDU R. SHAH 1617 JOHN F. KENNEDY BOULEVARD, STE 1400 PHILADELPHIA, PA 19103</p>	<p>PROVIDENT CAPITAL INDEMNITY LTD MINOR VARGAS CALVO AND DESARROLLOS COMERCIALES RONIM,SA OFICINAS EJECUTIVAS SAN RAFAEL SAN RAFAEL-HEREDIA, COSTA RICA</p>
<p>PROVIDENT CAPITAL INDEMNITY LTD C/O TEXAS SECRETARY OF STATE AS AGENT FOR SERVICE PO BOX 12887 AUSTIN, TX 78711-2887</p>	<p>RUSSELL E. MACKERT 5555 WEST LOOP SOUTH SUITE 605 HOUSTON, TX 77401</p>
<p>SUMNER KAI 11911 PINE BELT DR. CYPRESS, TX 77429</p>	<p>THOMAS G. FERRELL 3006 CARRIE COVE CT. SPRING, TX 77386</p>
<p>THOMPSON &amp; KNIGHT LLP ATTN:J BRANNON &amp; K RICHTER 1722 ROUTH ST, SUITE 1500 DALLAS, TX 75201</p>	<p>US SECURITIES &amp; EXCHANGE COMM ATTN: TOBY GALLOWAY FORT WORTH REGIONAL OFFICE 801 CHERRY ST, 19TH FLOOR FORT WORTH, TX 76102</p>

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
	)	<b>Hearing Date: March 29, 2010</b>
	)	<b>Hearing Time: 10:00 a.m.</b>
	)	<b>**If necessary - see attached notice**</b>

**ROUTINE MOTION OF CHAPTER 11 TRUSTEE TO PAY BOND PREMIUM**

Jeff Marwil, not individually, but solely in his capacity as chapter 11 trustee (the “Trustee”) to the bankruptcy estates (the “Estates”) of the above-captioned debtors (collectively, the “Debtors”), requests entry of an order, pursuant to sections 105, 322 and 363 of title 11 of the United States Code (11 U.S.C. §§ 101 *et seq.*, the “Bankruptcy Code”), authorizing the Trustee to use Estate funds to pay the premium in the amount of \$1,400 (the “Premium”) to Argonaut Insurance Company (“Argonaut Insurance”) or its agent for the bond the Trustee secured to comply with section 322(a) of the Bankruptcy Code.

**Jurisdiction**

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

2. The statutory predicates for the relief requested herein are sections 105, 322 and 363 of the Bankruptcy Code.

**Background**

3. 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

---

<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.

chapter 11 cases (the “Chapter 11 Cases”). 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 as chapter 11 trustee. On March 8, 2010, after Mr. Marwil was elected chapter 11 trustee by creditors of the Debtors, this Court entered an order confirming Mr. Marwil’s election as Trustee.

4. In accordance with section 322(b)(2) of the Bankruptcy Code, the UST directed the Trustee to secure a bond in the amount of \$700,000. The Trustee secured the bond from Argonaut Insurance and delivered the bond to the UST. The Premium on the bond was \$1,400.

5. As of the date hereof, and as represented in monthly operating reports recently filed with the Court, the Estates hold well in excess of \$600,000 cash.

#### **Relief Requested**

6. By this Motion, the Trustee seeks entry of an order authorizing him to pay the Premium to Argonaut Insurance or its agents.

7. Section 105(a) of the Bankruptcy Code authorizes the Court to “issue and order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code].” 11 U.S.C. § 105(a). The purpose of section 105(a) of the Bankruptcy Code is to assure a bankruptcy court's power to take whatever action “is appropriate or necessary in aid of the exercise of its jurisdiction.” 2 Collier on Bankruptcy, ¶ 105.01, at 105-5 (15th ed. revised 1997).

8. Section 363(b)(1) of the Bankruptcy Code authorizes the Trustee, after notice and a hearing, to use property of the Debtors’ Estates other than in the ordinary course of business. 11 U.S.C. 363 § (b)(1). The business judgment standard is applicable to the Trustee in

exercising his discretion under section 363 of the Bankruptcy Code. As other courts have stated, “[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *Comm. of Asbestos-Related Litigants v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). This same standard applies to the Trustee. *See GBL Holding Co., Inc. v. Blackburn/Travis/Cole, Ltd. (In re State Park Bldg. Group, Ltd.)* 331 B.R. 251, 254 (N.D. Tex. 2005) (finding that chapter 11 trustee had not abused his discretion under section 363 of the Bankruptcy Code where he articulated some “business justification for using, selling or leasing the property outside the ordinary course of business.”) (*citing In re Continental Air Lines, Inc.*, 780 F.2d 1223, 1226 (5th Cir. 1986)).

9. Payment of the Premium is necessary for the Trustee to continue to serve and comply with the directions of the UST and the governing provisions of the Bankruptcy Code. If the Premium is not paid, Argonaut Insurance may cancel the bond. Accordingly, there is a sound business justification for this use of Estate funds. Upon information, including discussions with the office of the UST, and belief, the Trustee believes that payment of the Premium is an appropriate use of assets of the Estates.

10. Notice of this motion has been provided to the Office of the United States Trustee and all parties who have requested notice of service in these chapter 11 cases. As set forth in the notice accompanying this motion, pursuant to Local Rule 9013, the Court may enter the proposed order submitted herewith unless a party in interest notifies the Court of an objection to the motion prior to the scheduled hearing date and time of the motion.

**WHEREFORE**, the Trustee respectfully requests that the Court enter an Order, substantially in the form submitted herewith, authorizing him to pay the Premium from assets of the Estates and granting such other and further relief as is necessary and proper.

Dated: March 22, 2010  
Chicago, Illinois

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

/s/ Jeremy T. Stillings

Jeff Marwil (ARDC # 06194054)  
Jeremy T. Stillings (ARDC# 06279868)  
PROSKAUER ROSE LLP  
70 West Madison, Suite 3800  
Chicago, Illinois 60602-4342  
(312) 962-3529  
(312) 962-3551 (Fax)  
*Counsel to the Trustee*

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

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

**ORDER AUTHORIZING TRUSTEE TO PAY BOND PREMIUM**

Upon the motion [Docket No. \_\_\_] (the "Motion")<sup>2</sup> of Jeff Marwil, not individually, but solely as chapter 11 trustee (the "Trustee") to the chapter 11 estates (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 pay the premium in the amount of \$1,400 (the "Premium") to Argonaut Insurance Company ("Argonaut Insurance") or its agent for the bond the Trustee secured to comply with section 322(a) of the Bankruptcy Code; the Court having reviewed the Motion; the Court finding that (a) it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); the Court being advised in the premises and having determined that the legal and factual bases set forth in the Motion establish cause for the relief herein granted; and after due deliberation and cause appearing therefor, it is **HEREBY ORDERED** that:

<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.

<sup>2</sup> Each capitalized term used, but not otherwise defined herein, shall have the meaning ascribed to such term in the Motion.

1. The Motion is granted.
2. The Trustee is authorized to use property of the Estates to pay the \$1,400 Premium to Argonaut Insurance.
3. 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