

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE 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: September 7, 2011 at 10:00 a.m.</b>
	)	<b>Objection Deadline: September 2, 2011</b>

**NOTICE OF HEARING TO APPROVE DISCLOSURE  
STATEMENT AND PLAN CONFIRMATION PROCEDURES**

**PLEASE TAKE NOTICE THAT** on September 7, 2011, at 10:00 a.m. Central time, Jeff Marwil, not individually, but solely as the trustee (the “Trustee”<sup>2</sup>) to the chapter 11 estates (the “Estates”) of the above-captioned debtors (the “Debtors”) shall appear before the Honorable A. Benjamin Goldgar, Bankruptcy Judge for the United States Bankruptcy Court for the Northern District of Illinois (the “Court”), or any other Judge who may be sitting in his place and stead, in Courtroom 613, or any other Court Room so designated, of the Bankruptcy Court at the Dirksen Federal Building, 219 South Dearborn Street, Chicago, Illinois 60604, and then and there (the “Disclosure Statement Hearing”) seek certain relief requested in the Motion for Entry of Order Approving: (I) The Disclosure Statement; (II) Procedures for the Solicitation and Tabulation of Votes to Accept or Reject the Plan; and (III) Related Notice and Objection Procedures (the “Motion”).

**PLEASE TAKE NOTICE THAT** the Disclosure Statement Hearing may be adjourned from time to time without further notice, other than the announcement at the Disclosure Statement Hearing of the date or dates of any adjourned hearing.

**PLEASE TAKE NOTICE THAT** at the Disclosure Statement Hearing, the Trustee shall seek approval of: (1) the Disclosure Statement; (2) the other materials in the Solicitation Packages; (3) procedures governing the manner in which the Trustee shall seek to solicit and tabulate votes to accept or reject the Plan; and (4) other relief requested in the Motion.

**PLEASE TAKE NOTICE THAT** the Disclosure Statement may be modified without further notice prior to or as a result of the Disclosure Statement Hearing.

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<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, Ltd.; (5) A&O Bonded Life Settlements, LLC; (6) A&O Bonded Life Assets, LLC; and (7) Houston Tanglewood Partners, LLC.

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

**PLEASE TAKE NOTICE THAT** any objections to the Disclosure Statement, the materials in the Solicitation Packages, the Motion or the relief requested in the Motion must: (1) be in writing; (2) state the name and address of the objecting party and the nature of such party's Claim against or Equity Interests in the Debtors; (3) state with particularity the basis and nature of any objection; (4) be filed with the Court no later than September 2, 2011; and (5) be served on the following parties no later than September 2, 2011: (a) the Office of the United States Trustee, 219 South Dearborn Street, Room 873, Chicago, Illinois 60604, Attn: Gretchen Silver, and (b) counsel for the Chapter 11 Trustee at Proskauer Rose LLP, Three First National Plaza, 70 West Madison Street, Suite 3800, Chicago, Illinois 60602, Attn: Jeremy T. Stillings.

**PLEASE TAKE NOTICE THAT** objections to the Motion or the Disclosure Statement not filed and served as set forth above may be deemed waived and may not be considered by the Court.

**PLEASE TAKE NOTICE THAT** copies of the Motion, the Disclosure Statement, and the other materials in the Solicitation Packages are available: (1) for viewing at the Clerks' Office at 219 South Dearborn Street, Room 713, Chicago, Illinois 60604; (2) on the Court's docket; (3) by contacting the Voting Agent in writing by first class United States Mail at Life Fund Bankruptcy Administration, c/o The Garden City Group, Inc., PO Box 9553, Dublin, Ohio 43017-4853; (4) by email to the Voting Agent at [LifeFundsInfo@gardencitygroup.com](mailto:LifeFundsInfo@gardencitygroup.com); (5) on the Voting Agent's website at [www.lifefundtrustee.com](http://www.lifefundtrustee.com); (6) by calling the Voting Agent at (800) 826-6412; or (7) by contacting undersigned counsel to the Trustee.

August 5, 2011

PROSKAUER ROSE LLP

/s/ Jeremy T. Stillings

Jeremy T. Stillings (ARDC# 06279868)

PROSKAUER ROSE LLP

70 West Madison, Suite 3800

Chicago, Illinois 60602-4342

(312) 962-3550

(312) 962-3551 (Fax)

*Counsel to the Chapter 11 Trustee*

**CERTIFICATE OF SERVICE**

I, Jeremy T. Stillings, an attorney, hereby certify that on August 5, 2011, I caused copies of the foregoing **Notice of Hearing** and the following **Motion for Entry of an Order Approving: (I) the Disclosure Statement; (II) Procedures for the Solicitation and Tabulation of Votes to Accept or Reject the Plan; and (III) Related Notice and Objection Procedures** (the “Motion”) to be served upon all parties who have requested notice in these chapter 11 cases (in the manner indicated below), and (2) the Office of the United States Trustee.

Dated: August 5, 2011

By: /s/ Jeremy T. Stillings

## SERVICE LIST

	Service		Service
Arnstein & Lehr, LLP Attn: Michael Gesas & Barry Chatz 120 S. Riverside Plaza, Suite 1200 Chicago, IL 60606	ECF	Curen Tomko Tarski LLP Attn: Jason M. Ross 2001 Bryan Street, Suite 2050 Dallas, TX 75201	US Mail
Vedder Price Attn: Michael Eidelman & Arlene Gelman 222 N. LaSalle Street, Suite 2600 Chicago, IL 60601	ECF	Bracewell & Giuliani LLP Attn: Deana F. Tillotson & Tony Visage 711 Louisiana St., Suite 2300 Houston, TX 77002-2770	US Mail
Blalock, Walters, Held & Johnson, P.A. Attn: Mary Fabre Levine 802 11 <sup>th</sup> Street West Bradenton, FL 34205	US Mail	Chapman & Cutler LLP Attn: David Audley & Carly Jones 111 W. Monroe Street, Suite 1600 Chicago, IL 60603	ECF
Nancy J. Groppi 5837 Electric Ave. Berkeley, IL 60163-1522	US Mail	Smith Amundsen LLC Attn: Brian M. Graham, Ean L. Kryska & Bryan Minier 150 N. Michigan Ave, Suite 3300 Chicago, IL 60601	ECF
Johnson Trent West & Taylor LLP Attn: Deborah Fritsche & Lori Hood 919 Milam, Suite 1700 Houston, TX 77002	ECF	Forizs & Dogali, PA Attn: Zala Forizs 4301 Anchor Plaza Pkwy, Suite 300 Tampa, FL 33634	US Mail
Katten Muchin Rosenman LLP Attn: Paige E. Barr 525 West Monroe Street Chicago, IL 60601	ECF	Jones & Morris, LLP Attn: Erin Jones 2700 Post Oak, Suite 1120 Houston, TX 77056	ECF
Office of the U.S. Trustee Attn: Richard Friedman & Sandra Rasnak 219 South Dearborn Street, Room 873 Chicago, IL 60604	ECF & US Mail	Hirsch & Westheimer, PC Attn: Michael J. Durrschmidt Bank of America Center, 25 <sup>th</sup> Floor 700 Louisiana Houston, TX 77002	ECF
Grochocinski & Grochocinski Attn: David E. Grochocinski 1900 Ravinia Place Orland Park, IL 60462	ECF	Shaw Gussis Attn: Gordon Gouveia 321 N. Clark Street, Suite 800 Chicago, IL 60654	ECF
Phelan Hallinan & Schmiegl LLP Attn: Judith Romano 1617 John F. Kennedy Blvd., Suite 1400 Philadelphia, PA 19103	US Mail	Funkhouser, Vegosen, Liebman & Dunn Ltd. Attn: Daniel T. Graham 55 W. Monroe Street, Suite 2300 Chicago, IL 60603	ECF
Langley & Banack Inc. Attn: David S. Gragg 745 East Mulberry Trinity Plaza, Floor 9 San Antonio, TX 78212-3166	US Mail	Office of the Texas Attorney General Bankruptcy & Collections Division Attn: Stuart Phillips P.O. Box 12548 Austin, TX 78711	ECF

SERVICE LIST

	Service		Service
Gibbs & Bruns LLP Attn: Ashley McKeand 1100 Louisiana, Suite 5300 Houston, TX 77002	US Mail	Gould & Ratner Attn: Mark E Leipold 222 N. LaSalle Street, Suite 800 Chicago, IL 60601	ECF
Ideal Settlements Corp. Attn: Robert Taurosa, Agent or Other Officer or Managing Agent 3401 Shoreline Drive Allenwood, NJ 08720	US Mail	Texas Attorney General's Office Attn: Hal F. Morris P.O. Box 12548, MC-008 Austin, TX 78711-2548	US Mail
Patricia A. Navin 32 Mill Road Hampton, NH 03842	US Mail	Jackson Walker LLP Attn: Janet Douvas Chafin 1401 McKinney, Suite 1900 Houston, TX 77010	US Mail
Russell Mackert 5555 W. Loop South, Suite 605 Houston, TX 77401	US Mail	Provident Capital Indemnity Ltd. Minor Vargas Calvo & Desarrollos Comerciales Ronim, SA Oficinas Ejecutivas San Rafael San Rafael-Heredia, Costa Rica	US Mail
Thompson & Knight LLP Attn: John Brannon & Katie Richter 1722 Routh Street, Suite 1500 Dallas, TX 75201	US Mail	Minor Vargas Calvo President, Provident Capital Indemnity, Ltd. P.O. Box 269-3015 San Rafael, Heredia, Costa Rica	US Mail
Thomas G. Ferrell 3006 Carrie Cove Ct. Spring, TX 77386	US Mail	Sumner Kai 11911 Pine Belt Drive Cypress, TX 77429	US Mail
Waldron & Schneider LLP Attn: Marc H. Schneider University Park 15150 Middlebrook Drive Houston, TX 77058	US Mail	US Securities & Exchange Commission Attn: Toby Galloway Forth Worth Regional Office 801 Cherry Street, 19 <sup>th</sup> Floor Fort Worth, TX 76102	US Mail
Figari & Davenport, LLP Attn: Andrew C. Whitaker 3400 Bank of America Plaza 901 Main Street Dallas, TX 75202	US Mail	Gerstner & Gerstner Attn: J. Gerstner and M. Gerstner 53 W. Jackson Blvd., Suite 1538 Chicago, IL 60604	US Mail
Ashley McKeand Gibbs & Bruns, LLP 1100 Louisiana, Suite 5300 Houston, TX 77002	US Mail	Drinker Biddle & Reath LLP Attn: Jeffrey M. Schwartz and Lionel W. Weaver 191 N. Michigan Ave., Suite 2700 Chicago, IL 60601	ECF
Principal Life Insurance Company 711 High Street Des Moines, IA 50392	US Mail	Clark Hill PLC Attn: Daniel T. Graham 150 N. Michigan Ave., Suite 2700 Chicago, IL 60601	ECF

In re Life Fund 5.1, LLC et al

SERVICE LIST

	Service		Service
John M. Christian Perkins Coie LLP 131 S. Dearborn St., Suite 1700 Chicago, IL 60603	ECF		

**IN THE UNITED STATES BANKRUPTCY COURT  
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In re:	)	Chapter 11
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LIFE FUND 5.1, LLC, <i>et al.</i> , <sup>1</sup>	)	Case No. 09 B 32672
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Debtors.	)	Jointly Administered
	)	<b>Hearing Date: September 7, 2011 at 10:00 a.m.</b>
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**MOTION FOR ENTRY OF ORDER APPROVING: (I) THE DISCLOSURE STATEMENT; (II) PROCEDURES FOR THE SOLICITATION AND TABULATION OF VOTES TO ACCEPT OR REJECT THE PLAN; AND (III) RELATED NOTICE AND OBJECTION PROCEDURES**

Jeff Marwil, not individually, but solely as trustee (the “Trustee”<sup>2</sup>) to the chapter 11 estates (the “Estates”) of the above-captioned debtors (the “Debtors”) hereby moves this Court for entry of an order approving: (1) the Disclosure Statement for the Chapter 11 Trustee’s Plan of Consolidation and Liquidation Dated as of August 5, 2011, [**Docket No. 738**] (as may be amended, the “Disclosure Statement”); (2) procedures for the solicitation and tabulation of votes to accept or reject the Chapter 11 Trustee’s Plan of Consolidation and Liquidation [**Docket No. 739**] (as may be amended, the “Plan”); and (3) related notice and objection procedures (the “Motion”). In support of the Motion, the Trustee respectfully states as follows:

**Jurisdiction**

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

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<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, Ltd.; (5) A&O Bonded Life Settlements, LLC; (6) A&O Bonded Life Assets, LLC; and (7) Houston Tanglewood Partners, LLC.

<sup>2</sup> Each capitalized term used but not defined herein shall have the meaning ascribed thereto in the Disclosure Statement.

2. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory and rule-based predicates for the relief requested herein are sections 1125, 1126 and 1128 of title 11 of the United States Code (11 U.S.C. §§ 101 *et seq.*, the “Bankruptcy Code”), rules 2002, 3017, 3018 and 3020 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rules 3016-1 and 3018-1 of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Northern District of Illinois (the “Local Rules”).

### **Preliminary Statement**

4. For the convenience of the Court and parties in interest, a summary of the timeline identifying each of the relevant dates and deadlines proposed in the Motion is set forth immediately below:

<b>September 2, 2011</b>	Deadline to Object to Disclosure Statement
<b>September 7, 2011</b>	Voting Record Date
<b>September 7, 2011</b>	Disclosure Statement Hearing
<b>September 15, 2011</b>	Deadline to Serve Solicitation Packages
<b>September 15, 2011</b>	Deadline to Publish Confirmation Hearing Notice
<b>September 29, 2011</b>	Deadline to File Rule 3018 Motions
<b>October 13, 2011</b>	Deadline to Vote on Plan
<b>October 13, 2011</b>	Deadline to Object to Plan
<b>October 18, 2011</b>	Deadline to File Ballot Report
<b>October 18, 2011</b>	Deadline for Trustee to File Response to Plan Objections
<b>October 24, 2011</b>	Confirmation Hearing

5. The Trustee believes that this proposed timeline is appropriate under the circumstances. It will provide creditors and parties in interest with sufficient notice and adequate time to review the Plan and the Disclosure Statement and to determine whether and how to vote to accept or reject the Plan.

### **Background**

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"). The Chapter 11 Cases have been consolidated for procedural purposes only and are being administered jointly under the case number assigned to Life Fund 5.1, LLC.

7. On September 16, 2009, this Court granted a motion of the office of the United States Trustee (the "United States Trustee") 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 Trustee by creditors of the Debtors, this Court entered an order certifying Mr. Marwil's election as Trustee.

8. On March 17, 2010, this Court entered a final order authorizing the employment of Proskauer as counsel to the Trustee, effective retroactively to March 8, 2010.

9. Prior to the Petition Date, the Debtors purportedly operated in the "life settlement" industry, soliciting funds from individual investors in order to use such funds to acquire ownership of or beneficial interests in life insurance policies ("Policies") on third party insureds. As part of this purported business model, the Debtors also acquired bonds issued by Provident Capital Indemnity, Ltd. ("PCI"). Each PCI bond matured on a fixed date and in an

amount equal to the death benefit of a Policy with which it was connected. The Debtors' purported business model was to: (a) borrow money from investors to finance the Debtors' purchase of Policies and PCI bonds; (b) purchase and maintain Policies and PCI bonds using investor dollars; (c) collect either death benefits (if there was no PCI bond on a Policy or if the Policy matured prior to the maturity of the PCI bond) or proceeds of the PCI bonds (if the PCI bond matured before maturity of the Policy on which it was issued); (d) use such proceeds to repay investors the principal amount of their investment plus a promised investment premium; and (e) keep the difference between the proceeds collected and investor funds repaid as profit.

10. It is now apparent that for some time leading up to the Petition Date, the Debtors' business was a sham. Some principals of the Debtors have admitted to using the Debtors to commit, among others, crimes of fraud and money laundering and have pled guilty to criminal charges in connection with such criminal activity. Other principals of the Debtors have been convicted by the United States Department of Justice, acting through the Office of the United States Attorney for the Eastern District of Virginia, with crimes related to such activities. Although some mystery surrounds exactly when and how the Debtors became unable to continue their enterprise, as of the Petition Date the Debtors apparently had no active management, very few hard assets, and were insolvent.

11. Allegations regarding these criminal activities provided the basis for the Court's appointment of a chapter 11 trustee.

12. On August 5, 2011, the Trustee filed the Plan and Disclosure Statement.

### **Relief Requested**

13. Pursuant to sections 105, 502, 1125, 1126 and 1128 of the Bankruptcy Code and rules 2002, 3017, 3018 and 3020 of the Bankruptcy Rules, the Trustee seeks the entry of an order (the “Approval Order”) approving: (a) the Disclosure Statement; (b) procedures for the solicitation and tabulation of votes to accept or reject the Plan; and (c) related notice and objection procedures.

### **Argument**

#### **I. The Disclosure Statement Contains Adequate Information and Should Be Approved.**

14. The Trustee requests that the Disclosure Statement be approved as providing “adequate information” within the meaning of section 1125 of the Bankruptcy Code. Under section 1125 of the Bankruptcy Code, a trustee must provide creditors and equity interest holders with “adequate information” regarding its proposed Chapter 11 plan:

“[A]dequate information” means information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor’s books and records, including a discussion of the potential material Federal tax consequences of the plan to the debtor, any successor to the debtor, and a hypothetical investor typical of the holders of claims or interests in the case, that would enable such a hypothetical investor of the relevant class to make an informed judgment about the plan .... [I]n determining whether a disclosure statement provides adequate information, the court shall consider the complexity of the case, the benefit of additional information to creditors and other parties in interest, and the cost of providing additional information ....

11 U.S.C. § 1125(a)(1). Thus, a disclosure statement must, as a whole, provide information that is “reasonably practicable” to permit an “informed judgment” by creditors and equity interest holders entitled to vote on a trustee’s plan of consolidation and liquidation. *See In re Scott*, 172 F.3d 959, 967 (7th Cir. 1999); *In re Amfesco Indus., Inc.*, No. CV 88-2952 (JBW), 1988 WL

141524, at \*5 (E.D.N.Y. Dec. 21, 1988) (stating that “[u]nder section 1125 of the Bankruptcy Code, a reasonable and typical creditor or equity security holder must be provided ‘adequate information’ to make an informed judgment regarding a proposed plan.”); *BSL Operating Corp. v. 125 E. Taverns, Inc. (In re BSL Operating Corp.)*, 57 B.R. 945, 950 (Bankr. S.D.N.Y. 1986) (stating that “[s]ection 1125 might be described as a non-rigid ‘how to inform’ section .... A disclosure statement ... is evaluated only in terms of whether it provides sufficient information to permit enlightened voting by holders of claims or interests.”); *see also In re Copy Crafters Quickprint, Inc.*, 92 B.R. 973, 979 (Bankr. N.D.N.Y. 1988) (the adequacy of a disclosure statement is to be “determined on a case-specific basis under a flexible standard that can promote the policy of chapter 11 towards fair settlement through a negotiation process between informed interested parties.”).

15. The primary purpose of a disclosure statement is to provide all material information that creditors and equity interest holders affected by a proposed plan need to make an informed decision whether to vote for the plan. *See, e.g., Century Glove, Inc. v. First Am. Bank of New York*, 860 F.2d 94, 100 (3rd Cir. 1988) (stating that section 1125 “seeks to guarantee a minimum amount of information to the creditor asked for its vote”); *In re Monnier Bros.*, 755 F.2d 1336, 1341 (8th Cir. 1985); *In re Phoenix Petroleum, Co.*, 278 B.R. 385, 392 (Bankr. E.D. Pa. 2001); *In re Unichem Corp.*, 72 B.R. 95, 97 (Bankr. N.D. Ill. 1987). Congress intended that such informed judgments would be needed to both negotiate the terms of and vote on a plan of reorganization. *Century Glove*, 860 F.2d at 100.

16. In evaluating whether a disclosure statement provides “adequate information,” courts adhere to section 1125’s instruction that making this determination is a flexible exercise based on the facts and circumstances of each case. 11 U.S.C. § 1125(a)(1) (stating that

“adequate information” “means information of a kind, and in sufficient detail, as far as is reasonably practicable *in light of the nature and history of the debtor and the condition of the debtor’s books and records*”) (emphasis added); *see also Oneida Motor Freight, Inc. v. United Jersey Bank*, 848 F.2d 414, 417 (3d Cir. 1988) (“From the legislative history of § 1125 we discern that adequate information will be determined by the facts and circumstances of each case.”); *First Am. Bank of N.Y. v. Century Glove, Inc.*, 81 B.R. 274, 279 (D. Del. 1988) (noting that adequacy of disclosure for a particular debtor will be determined based on how much information is available from outside sources); S. Rep. No. 989, 95th Cong., 2nd Sess., 121 (1978) (stating that “the information required will necessarily be governed by the circumstances of the case”).

17. What constitutes “adequate information” for the purpose of satisfying section 1125 resides within the broad discretion of the court. *See Mabey v. Sw. Elec. Power Co. (In re Cajun Elec. Power Coop.)*, 150 F.3d 503, 518 (5th Cir. 1998), *cert. denied*, 119 S. Ct. 2019 (1999); *Unichem*, 72 B.R. at 97 (stating that “[d]etermination of the adequacy of a disclosure statement, and therefore, approval of it, is within the sound discretion of the bankruptcy court and is to be determined on a case by case basis.”); *Kirk v. Texaco, Inc.*, 82 B.R. 678, 682 (S.D.N.Y. 1988) (stating that “[t]he legislative history could hardly be more clear in granting broad discretion to bankruptcy judges under § 1125(a): ‘Precisely what constitutes adequate information in any particular instance will develop on a case-by-case basis. Courts will take a practical approach as to what is necessary under the circumstances of each case ....’”) (*quoting* H.R. Rep. No. 595, at 408-09 (1977), *reprinted in* 1978 U.S.C.C.A.N. 5787, 6365). This grant of discretion was intended to permit courts to tailor the disclosures made in connection with a

chapter 11 plan to facilitate the plan approval process. *See* H.R. Rep. No. 595, at 408-09 (1977), *reprinted in* 1978 U.S.C.C.A.N. 5963, 6364-65.

18. The Disclosure Statement contains ample information regarding the Plan, including information with respect to: (a) the terms and provisions of the Plan; (b) certain information regarding the Debtors' prepetition history; (c) the circumstances surrounding the Debtors' bankruptcy; (d) significant events that have occurred during the Chapter 11 Cases; (e) certain effects of confirmation of the Plan; (f) certain risk factors associated with the Plan; (g) the manner in which distributions will be made under the Plan; and (h) the confirmation process and voting procedures that holders of Claims entitled to vote to accept or reject the Plan must follow for their votes to be counted. Accordingly, the Disclosure Statement contains adequate information within the meaning of section 1125 of the Bankruptcy Code.

19. The Disclosure Statement also satisfies the requirements listed in Local Rule 3016-1 because it (a) provides a narrative summarizing the nature of the plan, (b) identifies each class of creditors, (c) identifies the number and type of creditors in each class, and (d) identifies the amount of claims, the proposed recovery of each class and the timing thereof.

## **II. The Solicitation Procedures Should Be Approved.**

### ***A. Establishment of a Voting Record Date***

20. Bankruptcy Rule 3017(d) provides that, for the purposes of soliciting votes in connection with confirmation of a chapter 11 plan, "creditors and equity security holders shall include holders of stock, bonds, debentures, notes and other securities of record on the date the order approving the disclosure statement is entered or another date fixed by the court, for cause, after notice and a hearing." Fed. R. Bankr. P. 3017(d). Bankruptcy Rule 3018(a) contains a similar provision regarding determination of the record date for voting purposes.

21. Accordingly, the Trustee requests that the Court establish **September 7, 2011**, as the record date (the “Voting Record Date”) for purposes of determining: (a) the creditors who are entitled to vote to accept or reject the Plan; and (b) in the case of non-voting Classes, the creditors and Equity Interest holders who are entitled to receive non-voting materials.

**B. Notices to Non-voting Classes**

22. Bankruptcy Rule 3017(d) provides, in relevant part, as follows:

If the court orders that the disclosure statement and the plan or a summary of the plan shall not be mailed to any unimpaired class, notice that the class is designated in the plan as unimpaired and notice of the name and address of the person from whom the plan or summary of the plan and disclosure statement may be obtained upon request and at the plan proponent’s expense, shall be mailed to members of the unimpaired class together with the notice of the time fixed for filing objections to and the hearing on confirmation.

Fed. R. Bankr. P. 3017(d).

23. Class 1 Secured Claims are not Impaired under the Plan and holders of Class 1 Claims are conclusively presumed to accept the Plan and are not required to vote on the Plan. *See* 11 U.S.C. § 1126(f).

24. Class 3 Equity Interests are not receiving or retaining property on account of such Equity Interests under the Plan and, thus, are conclusively presumed to reject the Plan and are not required to vote on the Plan. *See* 11 U.S.C. § 1126(g).

25. Accordingly, the Trustee proposes to send to holders of Class 1 Secured Claims and Class 3 Equity Security Interests a notice of non-voting status, substantially in the form annexed to the proposed Approval Order as **Exhibit 1** (the “Notice of Non-voting Status”), which informs such holders that they are not eligible to vote on the Plan and which sets forth the manner in which a copy of the Plan and Disclosure Statement may be obtained at no charge.

26. The Trustee submits that such notice satisfies the requirements of the Bankruptcy Code and Bankruptcy Rules.

**C. *Approval of Solicitation Packages***

27. Bankruptcy Rule 3017(d) sets forth the materials that must be provided to holders of Claims and Equity Interests entitled to vote to accept or reject a plan for the purposes of soliciting their votes to accept or reject such plan and providing adequate notice of the hearing to confirm such plan. Specifically, Bankruptcy Rule 3017(d) provides, in relevant part, that:

Upon approval of a disclosure statement— except to the extent that the court orders otherwise with respect to one or more unimpaired classes of creditors or equity security holders— the debtor in possession, trustee, proponent of the plan or clerk as the court orders, shall mail to all creditors and equity security holders, and in a chapter 11 reorganization case shall transmit to the United States trustee,

- (a) the plan or a court-approved summary of the plan;
- (b) the disclosure statement approved by the court;
- (c) notice of the time within which acceptances and rejections of such plan may be filed; and
- (d) any other information as the court may direct, including any court opinion approving the disclosure statement or a court-approved summary of the opinion.

In addition, notice of the time fixed for filing objections and the hearing on confirmation shall be mailed to all creditors and equity security holders in accordance with Rule 2002(b), and a form of ballot conforming to the appropriate Official Form shall be mailed to creditors and equity security holders entitled to vote on the plan.

28. Contingent upon the Court’s approval of the Disclosure Statement, the Trustee proposes to distribute or cause to be distributed solicitation packages (the “Solicitation Packages”) to all holders of Claims in Class 2 (the “Voting Class”), including: (a) all persons or entities identified in the Debtors’ schedules of assets and liabilities filed pursuant to section 521

of the Bankruptcy Code and Bankruptcy Rule 1007 (as may be amended from time to time, the “Schedules”) as holding liquidated, noncontingent and undisputed claims in an amount greater than zero dollars, excluding scheduled claims that have been paid in full or superseded by filed proofs of claim; (b) all parties having timely filed proofs of claim, as reflected in the official claims register maintained by The Garden City Group, Inc. (the “Voting Agent”) in an amount (i) greater than zero or (ii) that is wholly contingent, unliquidated or disputed and, as to both of the foregoing, whose claims have not been disallowed or expunged prior to the Solicitation Date (as defined below); (c) the assignee of a transferred and assigned claim (whether a filed or scheduled claim) whose transfer and assignment has been properly noted on the Court’s docket and is effective pursuant to Bankruptcy Rule 3001(e) as of the close of business on the Voting Record Date and whose claims have not been disallowed or expunged prior to the Solicitation Date; and (d) any other known holders of claims against the Debtors as of the Voting Record Date. The Trustee expects that he will be able to complete distribution of the Solicitation Packages no later than **September 15, 2011** (the “Solicitation Date”).

29. Each Solicitation Package shall include copies of: (a) a cover letter describing the contents of the Solicitation Package; (b) the Approval Order (without exhibits); (c) the Confirmation Hearing Notice (as defined below); (d) an appropriate form of Ballot (as defined below) together with a pre-addressed, postage prepaid return envelope addressed to Life Fund Bankruptcy Administration c/o The Garden City Group, Inc., PO Box 9553, Dublin, Ohio 43017-4853; (e) the Disclosure Statement (together with the Plan annexed thereto as Appendix A, and all other appendices); and (f) such other materials as the Court may direct. The Trustee

submits that the Solicitation Packages comply with Bankruptcy Rule 3017(d) and should be approved.<sup>3</sup>

**D. *Approval of the Form of the Ballot***

30. Bankruptcy Rule 3017(d) requires the Trustee to mail a form of ballot that substantially conforms to Official Form No. 14 only to “creditors and equity security holders entitled to vote on the plan.” Fed. R. Bankr. P. 3017(d). The Trustee proposes to distribute to creditors entitled to vote to accept or reject the Plan a ballot in the form attached to the proposed Approval Order as **Exhibit 2** (the “Ballot”). The Ballot is based on Official Form No. 14, but has been modified to address the particular terms of the Plan. The Trustee proposes that the appropriate form of Ballot will be distributed to holders of Class 2 Claims.

31. Class 1 is Unimpaired and, therefore, conclusively presumed to accept the Plan in accordance with section 1126(f) of the Bankruptcy Code. Holders of Equity Interests in Class 3 will neither receive nor retain any property under the Plan on account of such Equity Interests. Accordingly, Class 3 is deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, the Trustee does not propose any Ballots for holders of Claims or Equity Interests in these Classes.

**E. *Voting Deadline***

32. Bankruptcy Rule 3017(c) provides that, “[o]n or before approval of [a] disclosure statement, the Court shall fix a time within which the holders of claims and interests may accept or reject [a] plan . . . .” Fed. R. Bankr. P. 3017(c). The Trustee anticipates commencing the Plan solicitation period by mailing Ballots and other approved solicitation materials no later than the

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<sup>3</sup> All Solicitation Package materials (excluding the Ballots) will be available for review online at [www.lifefundtrustee.com](http://www.lifefundtrustee.com).

Solicitation Date. Based on this schedule, the Trustee proposes that, to be counted as votes to accept or reject the Plan, all Ballots must be properly executed, completed and delivered to the Voting Agent either: (a) by mail in the return envelope provided with each Ballot; (b) by overnight courier; or (c) by personal delivery so that, in each case, all Ballots are received by the Voting Agent no later than **October 13, 2011** (the “Voting Deadline”).

**III. The Tabulation Procedures Should Be Approved.**

33. Section 1126(c) of the Bankruptcy Code provides:

A class of claims has accepted a plan if such plan has been accepted by creditors, other than any entity designated under subsection (e) of this section, that hold at least two thirds in amount and more than one-half in number of the allowed claims of such class held by creditors, other than any entity designated under subsection (e) of this section, that have accepted or rejected such plan.

11 U.S.C. § 1126(c). Similarly, section 1126(d) of the Bankruptcy Code provides:

A class of interests has accepted a plan if such plan has been accepted by holders of such interests, other than any entity designated under subsection (e) of this section, that hold at least two-thirds in amount of the allowed interests of such class held by owners of such interests, other than any entity designated under subsection (e) of this section, that have accepted or rejected such plan.

11 U.S.C. § 1126(d). Further, Bankruptcy Rule 3018(a) provides that the “court after notice and hearing may temporarily allow the claim or interest in an amount which the court deems proper for the purpose of accepting or rejecting a plan.” Fed. R. Bankr. P. 3018(a).

**A. *Ballot Tabulation***

34. The Trustee proposes that each holder of a Class 2 Claim be entitled to vote the amount of such Claim as set forth in the Schedules (as may be amended from time to time)

unless such holder has timely filed a proof of claim, in which event such holder would be entitled to vote the amount of such Claim as set forth in such proof of claim:

- i. If the Trustee has filed an objection to a Claim before the Voting Deadline, the Trustee proposes that such Claim be disallowed for voting purposes only and not for purposes of allowance or distribution, except to the extent and in the manner as may be set forth in such objection;
- ii. If a Claim is deemed "Allowed" under the Plan or an order of the Court, such Claim is allowed for voting purposes in the deemed "Allowed" amount set forth in the Plan or the Court's order;
- iii. If a Claim for which a proof of claim has been timely filed is wholly contingent, unliquidated or disputed, the Trustee proposes that such Claim be temporarily allowed for voting purposes only, and not for purposes of allowance or distribution, at \$1.00, and the Ballot mailed to the holder of such Claim shall be marked as voting at \$1.00;
- iv. If a Claim is partially liquidated and partially unliquidated, the Trustee proposes that the Claim be allowed for voting purposes only in the liquidated amount;
- v. If a Claim has been estimated or otherwise allowed for voting purposes by order of the Court, such Claim is temporarily allowed in the amount so estimated or allowed by the Court for voting purposes only, and not for purposes of allowance or distribution;
- vi. If a Claim is listed in the Schedules as contingent, unliquidated or disputed and a proof of claim was not (A) filed by the applicable bar date for the filing of proofs of claim established by the Court, (B) deemed timely filed by an order of the Court prior to the Voting Deadline, or (C) identified in Exhibit 2 to the Plan, then, unless the Trustee has consented in writing, the Trustee proposes that such Claim be disallowed for voting purposes and for purposes of allowance and distribution pursuant to Bankruptcy Rule 3003(c); and
- vii. Notwithstanding anything to the contrary contained herein, any creditor who has filed or purchased duplicate Claims (whether against the same or multiple Debtors) that are classified under the Plan in the same Class, shall be provided with only one Solicitation Package and one Ballot for voting a single Claim in such Class, regardless of whether the Trustee has objected to such duplicate claims.

35. The Trustee believes that the foregoing proposed tabulation procedures provide for a fair and equitable voting process. If any creditor seeks to challenge the allowance of its

Claim for voting purposes in accordance with the above procedures, the Trustee requests that the Court direct such creditor to both serve on counsel for the Trustee and file with the Court a motion for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing such Claim in a different amount for purposes of voting to accept or reject the Plan no later than the fourteenth (14th) day after the later of (a) the Solicitation Date, and (b) the date of service of an objection, if any, to such claim. The Trustee further proposes, in accordance with Bankruptcy Rule 3018(a), that as to any creditor filing such a motion, such creditor's Ballot should not be counted unless temporarily allowed by the Court for voting purposes, after notice and a hearing. If and to the extent that the Trustee and such party are unable to resolve the issues raised by the Rule 3018 Motion prior to the Voting Deadline established by the Bankruptcy Court, then at the Confirmation Hearing the Bankruptcy Court will determine whether the provisional Ballot should be counted as a vote on the Plan.

36. The Trustee requests that (a) whenever a creditor casts more than one Ballot voting the same Claim(s) before the Voting Deadline, the last Ballot received before the Voting Deadline be deemed to reflect the voter's intent and, thus, to supersede any prior Ballots, and (b) creditors with multiple Claims within a particular Class must vote all of their Claims within a particular Class under the Plan either to accept or reject the Plan and may not split their votes, and thus neither (i) any Ballot that partially rejects and partially accepts the Plan nor (ii) any Ballot filed by a creditor with multiple Claims within a Class who votes inconsistently will be counted.

37. The Trustee further proposes that, without further order of the Court, the following Ballots not be counted or considered for any purpose in determining whether the Plan has been accepted or rejected: (a) any Ballot that is properly completed, executed and timely

returned to the Voting Agent, but does not indicate an acceptance or rejection of the Plan or that indicates both an acceptance and rejection of the Plan; (b) any Ballot actually received by the Voting Agent after the Voting Deadline, unless the Trustee shall have granted in writing an extension of the Voting Deadline with respect to such Ballot; (c) any Ballot that is illegible or contains insufficient information to permit the identification of the claimant; (d) any Ballot cast by a person or entity that does not hold a Claim in a Class that is entitled to vote to accept or reject the Plan; (e) any Ballot cast for a Claim scheduled as unliquidated, contingent or disputed for which no proof of claim was timely filed; (f) unless expressly authorized by the Approval Order, any unsigned or non-originally signed Ballot; (g) any Ballot sent directly to any of the Debtors, their agents or the Trustee, his agents or to any other party other than the Voting Agent; (h) any Ballot cast for a Claim that has been Disallowed (for voting purposes or otherwise); and (i) unless expressly authorized in the Approval Order, any Ballot transmitted to the Voting Agent by facsimile or other electronic means.

38. Subject to any contrary order of the Court, the Trustee reserves the right to reject any and all Ballots the acceptance of which, in the opinion of the Trustee, would not be in accordance with the provisions of the Bankruptcy Code or the Bankruptcy Rules.

39. Neither the Trustee, nor the Voting Agent, nor any other person or entity will be under any duty to provide notification of defects or irregularities with respect to delivered Ballots, nor will any of them incur any liability for failure to provide such notification. Rather, the Voting Agent may disregard, with no further notice, defective Ballots described above.

**IV. The Confirmation Hearing Notice and Objection Procedures Should Be Approved.**

40. Section 1128 of the Bankruptcy Code provides that “[a]fter notice, the court shall hold a hearing on confirmation of a plan” and that “a party in interest may object to confirmation of a plan.” 11 U.S.C. § 1128.

41. Bankruptcy Rule 3017(c) provides:

On or before approval of the disclosure statement, the court shall fix a time within which the holders of claims and interests may accept or reject the plan and may fix a date for the hearing on confirmation.

Fed. R. Bankr. P. 3017(c).

42. The Trustee requests that the Court establish **October 24, 2011** as the date of the Confirmation Hearing.

**A. Notice Procedures**

43. Bankruptcy Rule 2002(b) and (d) requires not less than twenty-eight (28) days’ notice to all creditors and equity security holders of the time fixed for filing objections and the hearing to consider confirmation of a chapter 11 plan. In accordance with Bankruptcy Rules 2002 and 3017(d), the Trustee proposes to provide to all creditors and Equity Interest holders a copy of the notice substantially in the form annexed to the proposed Approval Order as **Exhibit 3** (the “Confirmation Hearing Notice”), setting forth (a) the date of approval of the Disclosure Statement, (b) the Voting Record Date, (c) the Voting Deadline, (d) the time fixed for filing objections to confirmation of the Plan, and (e) the time, date and place for the Confirmation Hearing.<sup>4</sup>

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<sup>4</sup> As to the holders of Claims in the Voting Classes, the Confirmation Hearing Notice shall be transmitted as part of each such holder’s Solicitation Package.

44. Bankruptcy Rule 2002(1) permits the Court to “order notice by publication if it finds that notice by mail is impracticable or that it is desirable to supplement the notice.” Fed. R. Bankr. P. 2002(1). In addition to mailing the Confirmation Hearing Notice, the Trustee proposes to publish the Confirmation Hearing Notice (or a notice substantially similar thereto) on or before **September 15, 2011**, in the national edition of *The Wall Street Journal*. Additionally, the Trustee will publish the Confirmation Hearing Notice electronically on the Voting Agent’s case website: [www.lifefundtrustee.com](http://www.lifefundtrustee.com). The Trustee believes that publication of the Confirmation Hearing Notice will provide sufficient notice of the approval of the Disclosure Statement, the Voting Record Date, the Voting Deadline, the time fixed for filing objections to confirmation of the Plan and the time, date and place of the Confirmation Hearing to persons who do not otherwise receive notice by mail as provided for in the Approval Order.

45. The Trustee anticipates that some notices of the hearing on the Disclosure Statement (the “Disclosure Statement Hearing Notices”) may be returned by the United States Postal Service as undeliverable. The Trustee believes that it would be costly and wasteful to distribute further notices, Solicitation Packages and/or Notices of Non-Voting Status to the same addresses to which undeliverable Disclosure Statement Hearing Notices were distributed. Therefore, the Trustee seeks to be excused, without any further order of the Court, from distributing further notices, Solicitation Packages and/or Notice of Non-Voting Status to those entities listed at such addresses unless the Trustee is provided with accurate addresses for such entities at least one Business Day prior to the Solicitation Date.

46. The Trustee also requests that the Court determine that he is not required to distribute Solicitation Packages, Ballots, copies of the Disclosure Statement or Plan or any other notices to (a) parties to executory contracts who do not hold either allowed (for voting or

otherwise) Claims or filed or scheduled claims listed as contingent, unliquidated or disputed, or (b) holders of Claims against the Debtors that have not been classified in the Plan pursuant to section 1123(a)(1) of the Bankruptcy Code.

47. The Trustee submits that the foregoing procedures will provide adequate notice of the Confirmation Hearing and, accordingly, requests that the Court approve such notice as adequate.

**B. *Procedures for the Filing of Objections to Confirmation of the Plan***

48. Pursuant to Bankruptcy Rule 3020(b)(1), objections to confirmation of a plan must be filed and served “within a time fixed by the court.” Fed. R. Bank. P. 3020(b)(1). The Confirmation Hearing Notice provides, and the Trustee requests that the Court direct that, objections to confirmation of the Plan or proposed modifications to the Plan, if any, must (a) be in writing, (b) conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, (c) state the name and address of the objecting party and the amount and nature of the Claim or Equity Interest of such party, (d) state with particularity the basis and nature of any objection to the Plan, and (e) be electronically filed, together with proof of service, with the Court and served on the parties listed in the Confirmation Hearing Notice no later than **October 13, 2011** (the “Plan Objection Deadline”).

49. The Trustee further requests leave to file, by no later than **October 18, 2011**, a consolidated response to any Plan objections.

50. The proposed timing for filing and service of objections and proposed modifications, if any, will afford the Court, the Trustee and other parties in interest sufficient time to consider the objections and proposed modifications prior to the Confirmation Hearing.

**Notice**

51. This Motion has been served upon: (a) the Office of the United States Trustee, and (b) all parties in interest in these cases who have requested notice pursuant to Bankruptcy Rule 2002. Notice of the hearing to approve the Disclosure Statement will be served upon substantially all of the Debtors' known creditors. The Trustee submits that good and sufficient notice of this Motion and the hearing to approve the Disclosure Statement, including as required by Bankruptcy Rule 2002, has been provided and that no other or further notice need be provided.

**WHEREFORE**, for the reasons set forth herein, the Trustee respectfully requests the Court: (1) enter the Approval Order in substantially the form attached hereto as **Exhibit A**, (a) approving the Disclosure Statement; (b) approving procedures for the solicitation and tabulation of votes to accept or reject the Plan; and (c) approving related notice and objection procedures, and (2) grant such other and further relief as is just and proper.

August 5, 2011

PROSKAUER ROSE LLP

/s/ Jeremy T. Stillings  
Jeremy T. Stillings (ARDC# 06279868)  
PROSKAUER ROSE LLP  
70 West Madison, Suite 3800  
Chicago, Illinois 60602-4342  
(312) 962-3550  
(312) 962-3551 (Fax)

*Counsel to the Chapter 11 Trustee*

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

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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>Related Docket No.</b> _____.

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**ORDER APPROVING (A) DISCLOSURE STATEMENT, (B) PROCEDURES FOR THE SOLICITATION AND TABULATION OF VOTES TO ACCEPT OR REJECT THE PLAN, AND (C) RELATED NOTICE AND OBJECTION PROCEDURES**

Upon the motion (the "Motion"<sup>2</sup>) of Jeff Marwil, not individually, but solely as the trustee (the "Trustee") to the chapter 11 estates (the "Estates") of the above-captioned debtors (the "Debtors") for the entry of an order approving: (1) the Disclosure Statement for the Chapter 11 Trustee's Plan of Consolidation and Liquidation; (2) procedures for the solicitation and tabulation of votes to accept or reject the Chapter 11 Trustee's Plan of Consolidation and Liquidation; and (3) related notice and objection procedures; it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, and other parties in interest; the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§ 157 and 1334; consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; the Trustee having filed with the Court the Disclosure Statement and the Plan; the Disclosure Statement Hearing Notices having been served on the Debtors' creditors and

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<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, Ltd.; (5) A&O Bonded Life Settlements, 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 thereto in the Motion.

Equity Interest holders; and the Motion, the Disclosure Statement Hearing Notice, the Disclosure Statement and the Plan having been served on: (i) the Office of the United States Trustee, and (ii) counsel for the Chapter 11 Trustee; affidavits of service of the notice of the hearing on the Motion having been filed with the Court (the "Affidavits of Service"); the Court having reviewed the Disclosure Statement, the Motion, the papers in support thereof and the responses thereto, if any, and the Affidavits of Service; the Court having found and determined that (A) the legal and factual bases set forth in the Motion and at the hearing on the Motion establish just cause for the relief granted herein, and (B) the relief requested in the Motion is in the best interests of the Debtors, their estates and creditors; and upon the Disclosure Statement, the Motion, the papers in support thereof and the responses thereto, if any, the record of the hearing on the Disclosure Statement and all of the proceedings had before the Court, and after due deliberation and sufficient cause appearing therefor;

**IT IS HEREBY FOUND THAT:**

- A. The Disclosure Statement Hearing Notice was properly served upon the Debtors' creditors and Equity Interest holders.
- B. The Motion, the Disclosure Statement Hearing Notice, the Disclosure Statement and the Plan were served upon: (a) the Office of the United States Trustee, and (b) all parties requesting notice in these cases under Bankruptcy Rule 2002.
- C. Notice of the hearing to approve the Disclosure Statement was provided to substantially all creditors of the Debtors in accordance with Bankruptcy Rule 2002.
- D. The Disclosure Statement filed in these cases as [**Docket No. 738**] (as the same may have been amended and/or revised from time to time, including in connection with the

Disclosure Statement hearing) contains “adequate information” within the meaning of section 1125 of the Bankruptcy Code.

E. The form of notice of non-voting status (“Notice of Non-Voting Status”) to be sent to holders of Claims in Class 1 (deemed to accept the Plan) and holders of Equity Interests in Class 3 (deemed to reject the Plan) substantially in the form annexed hereto as **Exhibit 1**, complies with Bankruptcy Rule 3017 and adequately addresses the particular needs of these Chapter 11 cases.

F. The form of the Ballot annexed hereto as **Exhibit 2** is substantially consistent with Official Form No. 14, adequately addresses the particular needs of these Chapter 11 cases, and is appropriate for each Class of Claims entitled to vote to accept or reject the Plan.

G. The Ballot requires the furnishing of sufficient information to assure that duplicate Ballots are not submitted and tabulated.

H. Ballots need not be provided to the holders of Claims in Class 1 because the Plan provides that such Class is Unimpaired and, therefore, deemed to accept the Plan.

I. Ballots need not be provided to the holders of Equity Interests in Class 3 because the Plan provides that such holders will not receive or retain any property under the Plan in respect of such Equity Interests and, therefore, are deemed to reject the Plan.

J. The period set forth below during which the Trustee may solicit acceptances to the Plan is a reasonable and adequate period of time for creditors to make an informed decision to accept or reject the Plan.

K. The procedures for the solicitation and tabulation of votes to accept or reject the Plan (as more fully set forth in the Motion and below) provide for a fair and equitable voting process and are consistent with section 1126 of the Bankruptcy Code.

L. The Confirmation Hearing Notice substantially in the form annexed hereto as **Exhibit 3**, the procedures set forth below for providing such notice to all creditors and Equity Interest holders of the time, date and place of the Confirmation Hearing, and the contents of the Solicitation Packages comply with Rules 2002 and 3017 of the Bankruptcy Rules and constitute sufficient notice to all interested parties.

**NOW, THEREFORE, IT IS HEREBY ORDERED THAT:**

1. The Motion is GRANTED.

2. The Disclosure Statement is APPROVED.

3. **September 7, 2011**, is established as the Voting Record Date for purposes of this Order and determining: (a) the creditors and Equity Interest holders who are entitled to vote to accept or reject the Plan; and (b) in the case of non-voting Classes, the creditors and Equity Interest holders who are to receive certain non-voting materials.

4. The Trustee is directed to distribute or cause to be distributed Solicitation Packages to all holders of Claims in Class 2 (the "Voting Class"), including: (a) all persons or entities identified in the Debtors' schedules of assets and liabilities filed pursuant to section 521 of the Bankruptcy Code and Bankruptcy Rule 1007 (as amended, the "Schedules") as holding liquidated, noncontingent and undisputed Class 2 Claims, in an amount greater than zero dollars; excluding scheduled Claims that have been superseded by filed proofs of claim; (b) all parties having timely filed proofs of Class 2 Claims, as reflected in the official claims register maintained by The Garden City Group, Inc. (the "Voting Agent") in an amount greater than zero or that are wholly contingent, unliquidated or disputed and, as to both of the foregoing, whose Class 2 Claims have not been disallowed or expunged prior to the Voting Record Date; (c) the assignee of a transferred and assigned Class 2 Claim (whether a filed or scheduled Class 2

Claim) whose transfer and assignment has been properly noted on the Court's docket and is effective pursuant to Bankruptcy Rule 3001(e) as of the close of business on the Voting Record Date and whose claims have not been disallowed or expunged prior to the Solicitation Date; and (d) any other known holders of Class 2 Claims against the Debtors as of the Voting Record Date.

5. The Solicitation Packages shall contain copies of: (a) a cover letter describing the contents of the Solicitation Package; (b) the Approval Order (without exhibits); (c) the Confirmation Hearing Notice (**Exhibit 3**); (d) an appropriate form of Ballot together with a pre-addressed, postage prepaid return envelope addressed to the Voting Agent; and (e) the Disclosure Statement (together with the Plan and all other appendices).

6. The form of Notice of Non-Voting Status, substantially in the form annexed hereto as **Exhibit 1**, is approved and shall be distributed to holders, as of the Voting Record Date, of (a) Unimpaired Claims in Class 1 deemed to accept the Plan, and (b) Equity Interests in Class 3 deemed to reject the Plan.

7. The form of the Ballot, substantially in the form annexed hereto as **Exhibit 2**, is approved.

8. The Confirmation Hearing Notice, substantially in the form annexed hereto as **Exhibit 3** (together with a copy of this Order without exhibits), is approved and shall be transmitted to all creditors and Equity Interest holders.

9. With respect to addresses from which notices of the hearing to approve the Disclosure Statement were returned as undeliverable by the United States Postal Service, the Trustee is excused from distributing Solicitation Packages and/or Notices of Non-Voting Status and/or Confirmation Hearing Notice to those entities listed at such addresses unless the Trustee is provided with accurate addresses for such entities at least one Business Day prior to the

Solicitation Date, and failure to distribute Solicitation Packages to such entities will not constitute inadequate notice of the Confirmation Hearing, the Voting Deadline (as defined below) or violation of Bankruptcy Rule 3017(d).

10. The Trustee is not required to distribute Solicitation Packages, Ballots, copies of the Disclosure Statement or Plan or any other notices to: (a) parties to executory contracts who do not hold either allowed (for voting or otherwise) Claims or filed or scheduled Claims listed as contingent, unliquidated or disputed; or (b) holders of Claims against the Debtors that have not been classified in the Plan pursuant to section 1123(a)(1) of the Bankruptcy Code.

11. Except as otherwise provided herein, to be counted as a vote to accept or reject the Plan, each Ballot must be properly executed, completed and the original thereof delivered to the Voting Agent so as to be actually received by the Voting Agent no later than **October 13, 2011** (the “Voting Deadline”).

12. The Trustee may extend the Voting Deadline, if necessary, without further order of this Court, to a date that is no later than five (5) business days before the Confirmation Hearing by publishing on [www.lifefundtrustee.com](http://www.lifefundtrustee.com) an announcement of such extension.

13. Solely for purposes of voting to accept or reject the Plan, and not for the purpose of the allowance of or distribution on account of a Claim and without prejudice to the rights of the Debtors in any other context, each Claim within a Class entitled to vote to accept or reject the Plan shall be entitled to vote the amount of such Claim as set forth in the Schedules (as may be amended from time to time) unless such holder has timely filed a proof of claim, in which event such holder would be entitled to vote the amount of such Claim as set forth in such proof of claim; provided that:

- a. If the Trustee has filed an objection to a Claim before the Voting Deadline, such Claim shall be temporarily disallowed for voting purposes only and not for purposes of allowance or distribution, except to the extent and in the manner as may be set forth in such objection;
  - b. If a Claim is deemed "Allowed" under the Plan or an order of the Court, such Claim shall be allowed for voting purposes in the deemed "Allowed" amount set forth in the Plan or the Court's order;
  - c. If a Claim for which a proof of claim has been timely filed is wholly contingent, unliquidated or disputed, such Claim shall be temporarily allowed for voting purposes only, and not for purposes of allowance or distribution, at \$1.00, and the Ballot mailed to the holder of such Claim shall be marked as voting at \$1.00;
  - d. If a Claim is partially liquidated and partially unliquidated, the Claim shall be allowed for voting purposes only in the liquidated amount;
  - e. If a Claim has been estimated or otherwise allowed for voting purposes by order of the Court, such Claim shall be temporarily allowed in the amount so estimated or allowed by the Court for voting purposes only, and not for purposes of allowance or distribution;
  - f. If a Claim is listed in the Schedules as contingent, unliquidated or disputed and a proof of claim was not (i) filed by the applicable bar date for the filing of proofs of claim established by the Court, (ii) deemed timely filed by an order of the Court prior to the Voting Deadline, or (iii) identified in Exhibit 2 to the Plan, then, unless the Trustee has consented in writing to allow such Claim for voting purposes, such Claim shall be disallowed for voting purposes and for purposes of allowance and distribution pursuant to Bankruptcy Rule 3003(c); and
  - g. Notwithstanding anything to the contrary contained herein, any creditor who has filed or purchased duplicate Claims (whether against the same or multiple Debtors) that are classified under the Plan in Class 2, shall be provided with only one Solicitation Package and one Ballot for voting a single Claim in such Class, regardless of whether the Trustee has objected to such duplicate claims.
14. If any claimant seeks to challenge the allowance of its Claim for voting purposes in accordance with the above procedures, such claimant is directed to serve on counsel for Trustee and file with the Court on or before the fourteenth (14th) day after the later of (a) the Solicitation Date and (b) the date of service of an objection, if any, to such Claim, a motion for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing such Claim in a different amount for purposes of voting to accept or reject the Plan.

15. As to any creditor filing a motion pursuant to Bankruptcy Rule 3018(a), such creditor's Ballot shall not be counted unless temporarily allowed by the Court for voting purposes after notice and a hearing.

16. If a creditor casts more than one Ballot voting the same Claim(s) before the Voting Deadline, the last Ballot received before the Voting Deadline is deemed to reflect the voter's intent and, thus, to supersede any prior Ballots.

17. Creditors with multiple Claims within Class 2 must vote all of their Class 2 Claims under the Plan either to accept or reject the Plan and may not split their votes, and thus neither (a) any Ballot that partially rejects and partially accepts the Plan nor (b) any Ballot filed by a creditor who votes inconsistently will be counted.

18. Without further order of this Court, any Ballot that is properly completed, executed and timely returned to the Voting Agent, but does not indicate an acceptance or rejection of the Plan or indicates both an acceptance and a rejection of the Plan, shall not be counted.

19. Without further order of this Court, any Ballot actually received by the Voting Agent after the Voting Deadline shall not be counted, unless the Trustee granted an extension of the Voting Deadline with respect to such Ballot.

20. Without further order of this Court, any Ballot that is illegible or contains insufficient information to permit the identification of the claimant shall not be counted.

21. Without further order of this Court, any Ballot cast by a person or entity that does not hold a Class 2 Claim shall not be counted.

22. Without further order of this Court, any Ballot cast for a Claim identified as unliquidated, contingent or disputed for which no proof of claim was timely filed shall not be counted.

23. Without further order of this Court, any unsigned Ballot or non-originally signed Ballot shall not be counted.

24. Without further order of this Court, any Ballot sent directly to the Trustee, his agents (other than the Voting Agent), or the Trustee's financial or legal advisors or to any party other than the Voting Agent shall not be counted.

25. Without further order of this Court, any Ballot cast for a Claim that has been disallowed (for voting purposes or otherwise) or satisfied shall not be counted.

26. Subject to any contrary Order of this Court, the Trustee may reject any and all Ballots, the acceptance of which, in the opinion of the Trustee, would not be in accordance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, or this order.

27. Neither the Trustee, nor the Voting Agent, nor any other person or entity shall be under any duty to provide notification of defects or irregularities with respect to delivered Ballots, nor shall the Trustee, the Voting Agent or any other person or entity incur any liability for failure to provide such notification.

28. The Voting Agent may disregard any and all defective Ballots with no further notice to any other person or entity.

29. The Trustee will file all exhibits to the Plan with the Court and make them available for review on the Voting Agent's case website at [www.lifefundtrustee.com](http://www.lifefundtrustee.com) no later than five (5) days before the Confirmation Hearing.

30. The Confirmation Hearing will be held on **October 24, 2011**, *provided, however*, that the Confirmation Hearing may be adjourned from time to time by the Court or the Trustee without further notice to parties other than an announcement in Court at the Confirmation Hearing or any adjourned Confirmation Hearing.

31. The Trustee shall publish the Confirmation Hearing Notice on or before **September 15, 2011** in the national edition of *The Wall Street Journal* and electronically on [www.lifefundtrustee.com](http://www.lifefundtrustee.com).

32. Objections to confirmation of the Plan or proposed modifications to the Plan, if any, must (a) be in writing, (b) conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, (c) state the name and address of the objecting party and the amount and nature of the Claim or Equity Interest of such party, (d) state with particularity the basis and nature of any objection to the Plan, and (e) be filed electronically, together with proof of service, with the Court and served on the parties listed in the Confirmation Hearing Notice, on **October 13, 2011**.

33. Objections to confirmation of the Plan not timely filed and served in the manner set forth above shall not be considered and shall be overruled.

34. The Trustee or the Voting Agent shall file (a) all Ballots cast and (b) the vote tabulation certification no later than **October 18, 2011**.

35. The Trustee shall file any consolidated response to any objections to the Plan no later than **October 18, 2011**.

36. The Trustee is authorized to take or refrain from taking any action and expending such funds necessary or appropriate to implement the terms of and the relief granted in this Order without seeking further order of the Court.

37. The Trustee is authorized to make nonsubstantive changes to the Disclosure Statement, Plan, Ballots, the Confirmation Hearing Notice, any other notice related to the Plan or Disclosure Statement and all exhibits and appendices to any of the foregoing without further order of the Court, including, without limitation, changes to correct typographical and grammatical errors and to make conforming changes among the Disclosure Statement, the Plan and any other materials in the Solicitation Package prior to their distribution.

Date: \_\_\_\_\_, 2011  
Chicago, Illinois

\_\_\_\_\_  
United States Bankruptcy Judge

**EXHIBIT 1**

**NOTICE OF NON-VOTING STATUS**

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

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

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**NOTICE OF NON-VOTING STATUS UNDER THE CHAPTER 11 TRUSTEE'S  
PLAN OF CONSOLIDATION AND LIQUIDATION AS OF AUGUST 5, 2011**

**PLEASE TAKE NOTICE OF THE FOLLOWING:**

1. On September 2, 2009 (the "Petition Date"), each of the above-captioned debtors (the "Debtors") filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

2. On \_\_\_\_\_, the United States Bankruptcy Court for the Northern District of Illinois (the "Bankruptcy Court") entered an Order Approving: (a) the Disclosure Statement [**Docket No. \_\_\_\_**], (the "Disclosure Statement") to the chapter 11 trustee's (the "Trustee") Plan of Consolidation and Liquidation [**Docket No. \_\_\_\_**] (the "Plan"); (b) the contents of the proposed solicitation packages to be distributed to the Debtors' stakeholders who are entitled to vote to accept or reject the Plan (collectively, the "Solicitation Packages"); and (c) Related Notice and Objection Procedures [**Docket No. \_\_\_\_**] (the "Approval Order").

3. Holders of Class 1 Claims are not entitled to vote on the Plan because they are not Impaired under the Plan. Holders of Class 3 Equity Interests are not entitled to vote on the Plan because they will not receive or retain property on account of such Equity Interests under the Plan.

4. **YOU HAVE BEEN IDENTIFIED AS THE HOLDER OF A CLASS 1 CLAIM OR CLASS 3 EQUITY INTEREST UNDER THE PLAN AND THEREFORE ARE NOT ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN ON ACCOUNT OF SUCH CLAIM OR INTEREST.** Accordingly, pursuant to the Approval Order, you are receiving this Notice in lieu of a Solicitation Package containing, among other things, copies of the Disclosure Statement and the Plan. Should you wish to obtain a copy of either the Disclosure Statement or the Plan, copies of both documents (including any exhibits and appendices thereto) are available at no charge via the internet at [www.lifefundtrustee.com](http://www.lifefundtrustee.com) and are available upon a written request made to the Voting Agent at Life Fund Bankruptcy

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<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, Ltd.; (5) A&O Bonded Life Settlements, LLC; (6) A&O Bonded Life Assets, LLC; and (7) Houston Tanglewood Partners, LLC.

Administration, c/o The Garden City Group, Inc., PO Box 9553, Dublin, Ohio 43017-4853.  
**PLEASE NOTE THAT THE VOTING AGENT IS NOT AUTHORIZED TO, AND WILL NOT, PROVIDE LEGAL ADVICE.**

5. The Confirmation Hearing will be held before the Honorable A. Benjamin Goldgar, Bankruptcy Judge for the United States Bankruptcy Court for the Northern District of Illinois (the "Court"), or any other Judge who may be sitting in his place and stead, in Courtroom 613 of the Bankruptcy Court at the Dirksen Federal Building, or any other Court Room so designated, 219 South Dearborn Street, Chicago, Illinois 60604, on **October 24, 2011**. The Confirmation Hearing may be continued from time to time without further notice other than the announcement of the adjourned date at the Confirmation Hearing or any continued hearing.

6. Objections, if any, to the confirmation of the Plan must: (a) be in writing; (b) state the name and address of the objecting party and the nature of the Claim or Equity Interest of such party; (c) state with particularity the basis and nature of any objection; and (d) be filed with the Bankruptcy Court at the address set forth in the preceding paragraph and served on the following parties by no later than **October 13, 2011**:

- Counsel to the Chapter 11 Trustee, Proskauer Rose LLP, 70 West Madison Street, Chicago, Illinois 60602 (Attn: Jeremy T. Stillings);
- Office of The United States Trustee, Northern District of Illinois, Eastern Division, 219 South Dearborn Street, Room 873, Chicago, Illinois 60604 (Attn: Gretchen Silver).

**EXHIBIT 2**

**FORM OF BALLOT**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE 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

**BALLOT FOR ACCEPTING OR REJECTING  
THE CHAPTER 11 TRUSTEE'S PLAN OF CONSOLIDATION AND LIQUIDATION**

**CLASS 2: UNSECURED CLAIMS**

**THE VOTING DEADLINE TO ACCEPT OR REJECT THE  
PLAN IS OCTOBER 13, 2011**

Use this Class 2 Ballot to vote to accept or reject the Chapter 11 Plan of Liquidation and Consolidation (the "Plan") proposed by Jeff Marwil, not individually, but solely as trustee ("the Trustee") to the chapter 11 estates (the "Estates") of the above-captioned debtors,(the "Debtors"). The Plan is Appendix A to the Trustee's Disclosure Statement with respect to the Plan (the "Disclosure Statement"), which is in the materials accompanying this Ballot and also has been posted on the case website of The Garden City Group, Inc. (the "Voting Agent") at [www.lifefundtrustee.com](http://www.lifefundtrustee.com). Each capitalized term used herein but not otherwise defined shall have the meaning ascribed thereto in the Plan.

You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and the classification and treatment of your Claims under the Plan.

Upon completion, this Ballot should be returned to the Trustee's Voting Agent:

**IF BY MAIL:**

**Life Fund Bankruptcy Administration  
c/o The Garden City Group, Inc.  
P.O. Box 9553  
Dublin, OH 43017-48053**

**IF BY HAND OR OVERNIGHT COURIER:**

**The Garden City Group, Inc.  
Attn: LFE Bankruptcy Administration  
5151 Blazer Parkway, Suite A  
Dublin, OH 43017**

<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, Ltd.; (5) A&O Bonded Life Settlements, LLC; (6) A&O Bonded Life Assets, LLC; and (7) Houston Tanglewood Partners, LLC.

If your Ballot is not received by the Voting Agent on or before **October 13, 2011**, your vote will not count as either an acceptance or rejection of the Plan. If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote.

**THE VOTING DEADLINE IS OCTOBER 13, 2011.**

**PLEASE READ THE FOLLOWING  
INSTRUCTIONS BEFORE COMPLETING THIS BALLOT.**

**HOW TO VOTE:**

1. VOTE BY CHECKING EITHER TO ACCEPT OR REJECT THE PLAN.
2. **FILL IN PERSONAL INFORMATION, SIGN AND DATE THE BALLOT.**
3. RETURN THE BALLOT IN THE ENCLOSED PRE-ADDRESSED POSTAGE-PAID ENVELOPE.

**NOTE: YOU MAY NOT SPLIT YOUR VOTE. IF YOU FAIL TO SELECT "ACCEPT" OR "REJECT," OR IF YOU SELECT BOTH "ACCEPT" AND "REJECT," YOUR BALLOT WILL NOT BE COUNTED.**

**Class 2 Vote.** The undersigned, a holder of an Unsecured Claim in Class 2 of the Plan against one or more of the Debtors in the amount of \$ \_\_\_\_\_ as of **September 7, 2011**, votes to (check one box):

**ACCEPT** the Plan.

**REJECT** the Plan.

**Certification.** By return of this Ballot, the undersigned certifies that it was the holder of a Claim in Class 2 to which this Ballot pertains (or an authorized signatory thereof) and has full power and authority to vote to accept or reject the Plan. The undersigned further certifies that it has received a copy of the Disclosure Statement and the other solicitation materials authorized by the Court and understands that the solicitation of votes for the Plan is subject to all the terms and conditions set forth therein.

**YOUR RECEIPT OF THIS BALLOT DOES NOT SIGNIFY  
THAT YOUR CLAIM HAS BEEN OR WILL BE ALLOWED.**

Name of Claim holder: \_\_\_\_\_  
(Print or Type)

Social Security or Federal Tax I.D. No.: \_\_\_\_\_  
(Optional)

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_  
(If Appropriate)

Street Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Telephone Number: (\_\_\_\_) \_\_\_\_\_

Date Completed: \_\_\_\_\_

This Ballot shall not constitute or be deemed a proof of Claim or Equity Interest, an assertion of a Claim or Equity Interest, or the allowance of a Claim or Equity Interest.

**UPON COMPLETION, THIS BALLOT SHOULD BE RETURNED TO THE TRUSTEE'S VOTING AGENT, THE GARDEN CITY GROUP, INC. IF YOUR BALLOT IS NOT RECEIVED BY THE VOTING AGENT ON OR BEFORE OCTOBER 13, 2011, YOUR VOTE WILL NOT COUNT AS EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN.**

IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES, OR IF YOU NEED A BALLOT OR ADDITIONAL COPIES OF THE DISCLOSURE STATEMENT OR OTHER ENCLOSED MATERIALS, PLEASE CONTACT THE VOTING AGENT BY TELEPHONE AT (800) 826-6412. **PLEASE NOTE THAT THE VOTING AGENT IS NOT AUTHORIZED TO, AND WILL NOT, PROVIDE LEGAL ADVICE.**

**EXHIBIT 3**

**CONFIRMATION HEARING NOTICE**

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

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

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**NOTICE OF (1) APPROVAL OF DISCLOSURE STATEMENT,  
(2) DEADLINE FOR CASTING VOTES TO ACCEPT OR REJECT  
CHAPTER 11 PLAN, AND (3) HEARING TO CONFIRM THE PLAN**

**PLEASE TAKE NOTICE OF THE FOLLOWING:**

1. Pursuant to an order dated \_\_\_\_, 2011 [**Docket No. \_\_\_\_**] (the “Approval Order”), the United States Bankruptcy Court for the Northern District of Illinois (the “Court”) has approved the Disclosure Statement with Respect to the Chapter 11 Trustee’s Plan of Liquidation and Consolidation (the “Disclosure Statement”) filed by the above-captioned debtors (the “Debtors”) and directed Jeff Marwil, not individually, but solely as the trustee to the chapter 11 estates (the “Trustee”) to solicit votes to accept or reject the Chapter 11 Trustee’s Plan of Liquidation and Consolidation (as may be amended, the “Plan”), annexed as Appendix A thereto.

2. The Approval Order establishes **September 7, 2011**, as the Record Date for determining the holders of prepetition Claims entitled to vote to accept or reject the Plan and establishes **October 13, 2011**, as the Voting Deadline for submission of Ballots to accept or reject the Plan (the “Ballots”). Holders of Claims entitled to vote to accept or reject the Plan will receive the following materials: (a) this Notice; (b) a copy of the order approving the Disclosure Statement (without exhibits); (c) the Disclosure Statement; (d) the Plan; and (e) a Ballot (and return envelope) to be used in voting to accept or reject the Plan (collectively, the “Solicitation Package”). Failure to follow the instructions set forth in the Ballot may disqualify that Ballot and the vote represented thereby.

3. Holders of (a) Class 1 Secured Claims and (b) Class 3 Equity Interests are not entitled to vote to accept or reject the Plan and, therefore, will receive a notice of non-voting status rather than a Ballot. If you are not entitled to vote to accept or reject the Plan but believe that you should be entitled to vote to accept or reject the Plan, then you must serve on the Notice Parties (identified below) and file with the Bankruptcy Court a motion for an order pursuant to Bankruptcy Rule 3018(a) (a “Rule 3018(a) Motion”) temporarily allowing such claim for purposes of voting to accept or reject the Plan by the later of (a) **September 29, 2011**, or (b)

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<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, Ltd.; (5) A&O Bonded Life Settlements, LLC; (6) A&O Bonded Life Assets, LLC; and (7) Houston Tanglewood Partners, LLC.

fourteen (14) days after the date of service of a notice of an objection, if any, to such claim. In accordance with Bankruptcy Rule 3018, as to any creditor filing a Rule 3018(a) Motion, such creditor's Ballot will not be counted unless temporarily allowed by the Bankruptcy Court for voting purposes, after notice and a hearing. Rule 3018(a) Motions that are not timely filed and served in the manner as set forth above may not be considered.

4. A hearing to consider confirmation of the Plan (the "Confirmation Hearing") will be held before the Honorable A. Benjamin Goldgar, United States Bankruptcy Judge for the United States Bankruptcy Court for the Northern District of Illinois, or any other Judge who may be sitting in his place and stead, in Court Room 613, or any other Court Room so designated, of the Bankruptcy Court at the Dirksen Federal Building, 219 South Dearborn Street, Chicago, Illinois 60604, on **October 24, 2011**. The Confirmation Hearing may be continued from time to time without further notice other than the announcement of the adjourned date at the Confirmation Hearing or any continued hearing.

5. Objections, if any, to the confirmation of the Plan must: (a) be in writing; (b) state the name and address of the objecting party and the nature of the Claim or Equity Interest of such party; (c) state with particularity the basis and nature of any objection; (d) be filed with the Court, and (e) be served on the following parties (the "Notice Parties") no later than **October 13, 2011** (the "Plan Objection Deadline"): (i) Counsel to the Chapter 11 Trustee, Proskauer Rose LLP, 70 West Madison Street, Chicago, Illinois 60602 (Attn: Jeremy T. Stillings); (ii) Office of the United States Trustee, Northern District of Illinois, Eastern Division, 219 South Dearborn Street, Room 873, Chicago, Illinois 60604 (Attn: Gretchen Silver).

6. Requests for copies of the Disclosure Statement and the Plan (excluding certain voluminous exhibits thereto) by parties in interest may be made in writing to The Garden City Group, Inc. In addition, any party may view and download the Plan, the Disclosure Statement and related exhibits (as they are filed) without charge at [www.lifefundtrustee.com](http://www.lifefundtrustee.com). If you have any questions regarding this Notice, please call the Voting Agent at (800) 826-6412.

**UNLESS AN OBJECTION TO THE PLAN IS TIMELY FILED AND SERVED BY OCTOBER 13, 2011, IT MAY NOT BE CONSIDERED AT THE HEARING.**