

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE 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 SUSTAINING FIRST OMNIBUS OBJECTION TO OVERSTATED CLAIMS  
AND REDUCING SUCH OVERSTATED CLAIMS TO AMOUNTS  
SET FORTH HEREIN**

Upon the *Trustee's First Omnibus Objection to Certain Proofs of Claim (Reduce and Allow Claims)* (the "Objection")<sup>2</sup>; it appearing that notice of the Objection was good and sufficient upon the particular circumstances and that no other or further notice need be given; the Court having considered the Objection, the claims listed on Exhibit A attached hereto, and any responses to the Objection; upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor; it is hereby

**FOUND AND DETERMINED THAT:**

- A. The Objection is a core proceeding under 28 U.S.C. § 157(b)(2);
- B. Each holder of a claim (as to each, a "Claim") listed on Exhibit A hereto was properly and timely served with a copy of the Objection, the accompanying exhibit, and the notice of hearing thereon;
- C. Any entity known to have an interest in the Claims subject to the Objection has been afforded reasonable opportunity to respond to, or be heard regarding, the relief requested in

<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> Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Objection.

the Objection; and

D. The relief requested in the Objection is in the best interests of the Estates, their creditors, and other parties in interest; and therefore

**IT IS HEREBY ORDERED THAT:**

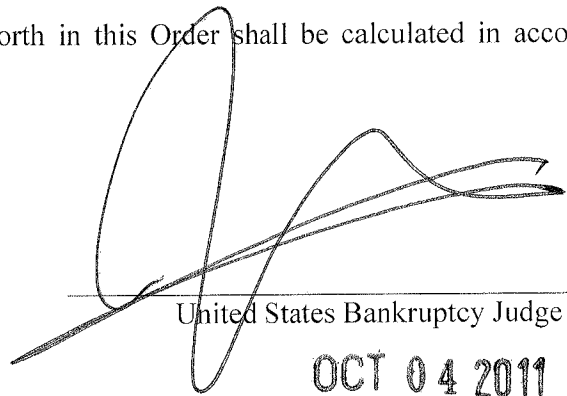
1. The Objection is GRANTED as set forth herein.
2. The Overstated Claims listed on Exhibit A are reduced to the amounts set forth in Exhibit A.
3. The Trustee's rights to amend, modify, or supplement the Objection, to file additional objections to the Claims or any other claims (filed or not) which may be asserted against the Debtors, and to seek further reduction of any Claim to the extent such Claim has been paid, are preserved. Additionally, should one or more of the grounds of objection stated in the Objection be dismissed, the Trustee's rights to object on other stated grounds or on any other grounds that the Trustee discovers during the pendency of the Chapter 11 Cases are further preserved.
4. Each Claim and the objections by the Trustee to such Claim, as addressed in the Objection and as set forth on Exhibit A hereto, constitutes a separate contested matter as contemplated by Bankruptcy Rule 9014. This Order shall be deemed a separate Order with respect to each Claim. Any stay of this Order pending appeal by any Claimants whose Claims are subject to this Order shall only apply to the contested matter which involves such Claimant and shall not act to stay the applicability and/or finality of this Order with respect to the other contested matters listed in the Objection or this Order.
5. The Court takes judicial notice of the dockets in the following criminal cases of the Debtors' principals before the United States District Court for the Eastern District of

Virginia, cited in the Objection: Case No. 3:11cr248, Case No. 3:10cr246, Case No. 3:10cr258, Case No. 3:10cr256, Case No. 3:10cr00257, and Case No. 3:10cr248.

6. Notwithstanding the possible applicability of Bankruptcy Rules 6004, 7062, 9014, or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

7. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

Dated: 10/4/11  
Chicago, Illinois

  
United States Bankruptcy Judge  
OCT 04 2011

**Order Prepared By:**  
**Proskauer Rose LLP**  
**70 W. Madison St.**  
**Chicago, IL 60602**  
**Brandon W. Levitan**  
**Counsel to the Trustee**

**EXHIBIT "A"**

**Overstated Claims**

In re: Life Funds 5.1, LLC, et al. (09-32672)  
Exhibit A - First Omnibus Objection Claims

Note: Claimants are listed alphabetically by last name or by entity name.

SEQ#	NAME	DATE FILED	CLAIMED DEBTOR	CASE NUMBER	CLAIM NUMBER	CLAIMED AMOUNT AND CLASSIFICATION	MODIFIED AMOUNT AND CLASSIFICATION	REASON FOR RECLASSIFICATION
1	LEE I BARKER & FLORENCE C BARKER TTEES OF THE AMENDMENT & RESTATEMENT OF THE BARKER FAMILY TRUST DATED 3/29/07 3215 CALLE QUIETO SAN CLEMENTE, CA 92672	08/13/10	A&O Resource Management, Ltd	09-32677	667	Unsecured: \$180,000.00	Unsecured: \$100,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
2	BOB L. BRIGANCE 401 WEST SHORE RICHARDSON, TX 75080	07/03/10	A&O Bonded Life Settlement, LLC	09-32681	548	Unsecured: \$143,720.00	Unsecured: \$102,951.62	Modified Amounts (claim reduced to reflect aggregate principal investment).
3	CAREBEAR LTD C/O JOHN AKARD JR 7500 SAN FELIPE SUITE 700 HOUSTON, TX 77063	08/14/10	Life Fund 5.2, LLC	09-32674	672	Unsecured: \$64,843.84	Unsecured: \$50,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
4	SHERMAN G. CHIN 50 BAYARD STREET NEW YORK, NY 10013	08/30/10	Houston Tanglewood Partners, LLC	09-32676	853	Unsecured: \$153,000.00	Unsecured: \$98,862.24	Modified Amounts (claim reduced to reflect aggregate principal investment).
5	MICHAEL DAVID COURTS 25279 COUNTRY ROAD #4 NISSWA, NM 56468	10/13/09	A&O Resource Management, Ltd	09-32677	384	Unsecured: \$87,255.00	Unsecured: \$50,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
6	ENTRUST ADMINISTRATION SERVICES INC FBO TERRI FLANDT 1064 GREENWOOD BLVD SUITE 312 LAKE MARY, FL 32746	11/09/09	Life Fund 5.2, LLC	09-32674	313	Unsecured: \$91,578.00	Unsecured: \$50,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
7	ENTRUST RETIREMENT SERVICES FBO JAMES GERLACH IRA C/O JAMES GERLACH 1101 E SIXTH ST FOWLER, IN 47944	06/08/10	Houston Tanglewood Partners, LLC	09-32676	546	Unsecured: \$74,445.62	Unsecured: \$50,847.36	Modified Amounts (claim reduced to reflect aggregate principal investment).
8	ENTRUST RETIREMENT SERVICES INC FBO ADELA F PARLETTE IRA JACKSON WALKER LLP - JANET DOUVAS CHAFIN 1401 MCKINNEY SUITE 1900 HOUSTON, TX 77010	10/13/09	Houston Tanglewood Partners, LLC	09-32676	119	Unsecured: \$122,957.00	Unsecured: \$61,174.77	Modified Amounts (claim reduced to reflect aggregate principal investment).
9	ENTRUST RETIREMENT SERVICES INC FBO HARRY L PARLETTE IV IRA JACKSON WALKER LLP - JANET DOUVAS CHAFIN 1401 MCKINNEY SUITE 1900 HOUSTON, TX 77010	10/13/09	Life Fund 5.1, LLC	09-32672	120	Unsecured: \$506,256.00	Unsecured: \$276,718.67	Modified Amounts (claim reduced to reflect aggregate principal investment).
10	BOBBY N FLOYD C/O JOHN AKARD JR 7500 SAN FELIPE SUITE 700 HOUSTON, TX 77063	08/14/10	Life Fund 5.1, LLC	09-32672	671	Unsecured: \$64,687.50	Unsecured: \$50,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
11	MARY GAWLOWSKI DEBORA COLBURN, ON BEHALF OF MARY GAWLOWSKIS BENEFICIARIES 31302 HELEN LANE TOMBALL, TX 77375	01/11/10	Life Fund 5.1, LLC	09-32672	479	Unsecured: \$164,260.00	Unsecured: \$102,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).

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12	NORMA M GEIGER 3010 KEIRBY CT EXFORD, PA 15632	10/08/09	A&O Resource Management, Ltd	09-32677	210	Unsecured: \$74,080.00	Unsecured: \$50,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
13	RICHARD F GEMPHER 509 3RD STREET N VERSAILLES, PA 15137	09/28/09	A&O Resource Management, Ltd	09-32677	282	Unsecured: \$156,004.00	Unsecured: \$100,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
14	MARY GEEVING 675 NORTH COURT SUITE 420 PALATINE, IL 60067	08/30/10	Life Fund 5.1, LLC	09-32672	858	Unsecured: \$74,329.41	Unsecured: \$47,789.33	Modified Amounts (claim reduced to reflect aggregate principal investment).
15	MARVIN W GREVING 675 NORTH COURT SUITE 420 PALATINE, IL 60067	08/30/10	Life Fund 5.1, LLC	09-32672	859	Unsecured: \$79,571.00	Unsecured: \$51,159.66	Modified Amounts (claim reduced to reflect aggregate principal investment).
16	PEGGY HANSEN 2113 PARK ST ELKHORN, LA 51531	10/08/09	A&O Bonded Life Assets, LLC	09-32679	163	Unsecured: \$69,293.00	Unsecured: \$50,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
17	FRED HELD AND ALMA P HELD ZALA L FORZIS ESQ FORZIS & DOGALI PA 4301 ANCHOR PLAZA PKWY SUITE 300 TAMPA, FL 33634	07/26/10	Life Fund 5.2, LLC	09-32674	737	Unsecured: \$77,557.57	Unsecured: \$59,500.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
18	JIMIE F HENDRICKS 29451 PECAN VALLEY RD TECUMSEH, OK 74873	10/19/09	Life Fund 5.1, LLC	09-32672	440	Unsecured: \$192,462.00	Unsecured: \$132,392.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
19	PEGGY A HORTON 18 MOJAVE DR SHAWNEE, OK 74801	09/15/09	Life Fund 5.1, LLC	09-32672	279	Unsecured: \$181,120.00	Unsecured: \$100,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
20	ZAFAR IOBAL 4415 SUGAR BARS, DR. FRIENDSWOOD, TX 77546	08/23/10	Houston Tanglewood Partners, LLC	09-32676	723	Unsecured: \$119,540.00	Unsecured: \$85,288.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
21	L DEAN JOLLEY 1903 EAST 900 SOUTH SALT LAKE CITY, UT 84108	08/27/10	A&O Resource Management, Ltd	09-32677	758	Unsecured: \$121,914.00	Unsecured: \$64,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
22	ROBERT & ROBIN KESSLER JTWS 1007 ICE CRYSTAL CT ODENTON, MD 21113	09/22/09	Life Fund 5.1, LLC	09-32672	276	Unsecured: \$165,312.50	Unsecured: \$125,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
23	ELVIA LUND 844 SAYLES LANE MEETETSE, WY 82433	08/24/10	A&O Resource Management, Ltd	09-32677	733	Unsecured: \$116,093.00	Unsecured: \$66,720.97	Modified Amounts (claim reduced to reflect aggregate principal investment).
24	ELVIA LUND 844 SAYLES LANE MEETETSE, WY 82433	08/24/10	A&O Resource Management, Ltd	09-32677	732	Unsecured: \$101,380.00	Unsecured: \$58,262.09	Modified Amounts (claim reduced to reflect aggregate principal investment).
25	JOE A MORIA C/O BRIAN W ZIMMERMAN 3040 POST OAK BLVD STE 1300 HOUSTON, TX 77056	06/21/10	A&O Resource Management, Ltd	09-32677	540	Unsecured: \$351,770.00	Unsecured: \$250,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
26	HANH VO NORDEN 17033 CHAMPIONS LAKEWAY TOMBALL, TX 77375	08/04/10	A&O Bonded Life Assets, LLC	09-32679	633	Unsecured: \$96,720.00	Unsecured: \$50,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).

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27	HARRY L PARLETTE IV AND ADELA F PARLETTE C/O JACKSON WALKER LLP ATTN JANET DOUVAS CHAFIN 1401 MCKINNEY SUITE 1900 HOUSTON, TX 77010	10/14/09	Houston Tanglewood Partners, LLC	09-32672	96	Unsecured: \$153,958.00	Unsecured: \$76,598.64	Modified Amounts (claim reduced to reflect aggregate principal investment).
28	ADELA F PARLETTE C/O JACKSON WALKER LLP ATTN JANET DOUVAS CHAFIN 1401 MCKINNEY, SUITE 1900 HOUSTON, TX 77010	10/14/09	Houston Tanglewood Partners, LLC	09-32676	97	Unsecured: \$114,627.00	503(b)(9): \$0.00 Admin: \$0.00 Unsecured: \$57,030.39	Modified Amounts (claim reduced to reflect aggregate principal investment).
29	IRENE POLUMBO 11607 TRIOLA LN HOUSTON, TX 77072	10/20/09	A&O Bonded Life Settlement, LLC	09-32681	356	Unsecured: \$199,791.04	Unsecured: \$160,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
30	RODNEY C POULSEN 6688 COBA CT SALT LAKE CITY, UT 84121	10/06/09	A&O Bonded Life Settlement, LLC	09-32681	143	Unsecured: \$117,307.00	Unsecured: \$60,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
31	RODNEY C POULSEN 6688 COBA CT SALT LAKE CITY, UT 84121	10/06/09	A&O Resource Management, Ltd	09-32677	198	Unsecured: \$104,407.00	Unsecured: \$60,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
32	PATRICIA L ROSS 5102 CLIFF HAVEN DR DALLAS, TX 75236	11/24/09	A&O Resource Management, Ltd	09-32677	399	Unsecured: \$349,747.00	Unsecured: \$210,375.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
33	ELOISE H. ROSSI 9610 REX CREEK COURT SPRING, TX 77379	08/17/10	A&O Bonded Life Assets, LLC	09-32679	687	Unsecured: \$133,100.00	Unsecured: \$100,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
34	MARY RYBARZYK C/O GROCHOCINSKI GROCHOCINSKI & LLOYD 1900 RAVINIA PLACE ORLAND PARK, IL 60462	08/24/10	Houston Tanglewood Partners, LLC	09-32676	728	Unsecured: \$165,115.87	Unsecured: \$124,054.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
35	ROBERT SHIFFLER L AND MARLENE D SHIFFLER JTWRO 13706 CAMELOT CENTER CT HOUSTON, TX 77069	10/19/09	A&O Bonded Life Assets, LLC	09-32679	302	Unsecured: \$69,746.00	Unsecured: \$50,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
36	PETER A SIMON (DECEASED) C/O CHERYL L SIMON 1645 W PAR CT EAGLE, ID 83616	08/27/10	A&O Resource Management, Ltd	09-32677	763	Unsecured: \$139,050.00	Unsecured: \$100,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
37	NATHAN D TUOMI 18441 STATE HWY 371 BRAINERD, MN 56401	09/17/09	A&O Life Fund, LLC	09-32678	51	Unsecured: \$148,642.00	Unsecured: \$80,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
38	MAXINE S UTTER 913 W 2ND NEWPORT, WA 99156	10/14/09	Houston Tanglewood Partners, LLC	09-32676	402	Unsecured: \$120,788.00	Unsecured: \$75,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
39	FRANK VARJAS 11527 LONGBROOK DR. HOUSTON, TX 77099	08/10/10	A&O Bonded Life Settlement, LLC	09-32681	661	Unsecured: \$61,212.45	Unsecured: \$49,681.40	Modified Amounts (claim reduced to reflect aggregate principal investment).
40	HILDA VARJAS 11527 LONGBROOK DR. HOUSTON, TX 77099	08/10/10	A&O Bonded Life Assets, LLC	09-32679	662	Unsecured: \$120,148.10	Unsecured: \$100,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).

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41	MARILYN T WASSON 921E MANZANITA DR UNION, WA 98592	08/30/10	A&O Resource Management, Ltd	09-32677	787	Unsecured: \$50,250.00	Unsecured: \$50,250.00	Modified Amounts (claim reduced to reflect aggregate principal investment).
	BETTY L WILLIS C/O JENKINS FENSTERMAKER PLLC ATTN STEPHEN GOLDER PO BOX 2688 HUNTINGTON, WV 25726	08/30/10	A&O Life Fund, LLC	09-32678	881	Unsecured: \$255,008.12	Unsecured: \$200,000.00	Modified Amounts (claim reduced to reflect aggregate principal investment).