

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

**ORDER SUSTAINING THIRD OMNIBUS OBJECTION TO CLAIMS AND  
RECLASSIFYING ASSERTED SECURED CLAIMS AS CLASS 2 UNSECURED  
CLAIMS**

Upon the *Trustee's Third Omnibus Objection to Certain Proofs of Claim (Secured 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 Asserted Secured Claims listed on Exhibit A are reclassified as Class 2 Unsecured claims as 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 right 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.

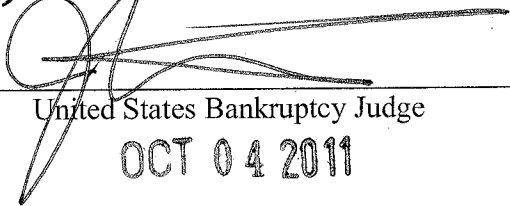
4. Each Claim and the objections by the Trustee to such Claim, as addressed in the Objection and as set forth on Exhibit A hereto, constitutes a separate contested matter as contemplated by Bankruptcy Rule 9014. This Order shall be deemed a separate Order with respect to each Claim. Any stay of this 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. 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.

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

*7. For reasons stated from the bench objection Wesley Pearson to this order is overruled.*

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"**

**Asserted Secured Claims**

09-32672:757.3-Objection to Claim:Proposed Order Entered: 9/2/2011 4:31:37 PM by:Brandon Levitan Page 5 of 6  
 In re: Life Funds 5.1, LLC, et al. (09-32672)  
 Exhibit A - Third 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	JENNIE CANDIOTTE REVOCABLE TRUST C/O JENNIE CANDIOTTE 13817 VIA NADINA DELRAY BEACH, FL 33446	10/22/09	A&O Resource Management, Ltd	09-32677	374	Secured: \$60,000.00 Unsecured: \$0.00	Secured: \$0.00 Unsecured: \$60,000.00	Asserted security interest in life insurance policy is subordinate to the Trustee's interest.
2	JENNIE CANDIOTTE REVOCABLE TRUST C/O JENNIE CANDIOTTE 13817 VIA NADINA DELRAY BEACH, FL 33446	10/14/09	Life Fund 5.1, LLC	09-32672	449	Secured: \$58,000.00 Unsecured: \$0.00	Secured: \$0.00 Unsecured: \$58,000.00	Asserted security interest in collateral that is not property of the Estates.
3	JEFFREY J CAUBLE 20379 HONEYCUTT MILL RD ALBERMARLE, NC 28001	09/28/09	Life Fund 5.1, LLC	09-32672	270	Secured: \$70,000.00	Secured: \$0.00 Unsecured: \$70,000.00	Asserted security interest in collateral that is not property of the Estates.
4	WENDY CAUBLE 20379 HONEYCUTT MILL RD ALBERMARLE, NC 28001	09/28/09	Life Fund 5.1, LLC	09-32672	271	Secured: \$70,000.00	Secured: \$0.00 Unsecured: \$70,000.00	Asserted security interest in collateral that is not property of the Estates.
5	ENTRUST RETIREMENT SERVICES INC FBO CHRISTAL MILLIGAN IRA 40091 W 134TH ST RICHMOND, MO 64085	08/30/10	Houston Tanglewood Partners, LLC	09-32676	838	Secured: \$14,164.26	Secured: \$0.00 Unsecured: \$14,164.26	The loan contracts expressly state that no security interest was granted.
6	ENTRUST RETIREMENT SERVICES INC FBO GARY ODOM IRA 12231 PINELANDS PARK LANE HUMBLE, TX 77346	08/30/10	Houston Tanglewood Partners, LLC	09-32676	854	Secured: \$133,383.00 Unsecured: \$0.00	Secured: \$0.00 Unsecured: \$133,383.00	The loan contracts expressly state that no security interest was granted.
7	ENTRUST RETIREMENT SERVICES INC FBO WESLEY VEASAW IRA #11064-11 ATTN WESLEY VEASAW 1511 WALNUT KINGWOOD, TX 77339	08/23/10	A&O Life Fund, LLC	09-32678	721	Secured: \$50,000.00 Unsecured: \$0.00	Secured: \$0.00 Unsecured: \$50,000.00	Asserted security interest in collateral that is not property of the Estates.
8	ENTRUST ADMINISTRATION SERVICES INC FBO MINDY E SPIROCH IRA 7493 SALLY LYN LANE LAKE WORTH, FL 33467	10/13/09	Life Fund 5.1, LLC	09-32672	444	Secured: \$172,155.37 Unsecured: \$0.00	Secured: \$0.00 Unsecured: \$172,155.37	Asserted security interest in collateral that is not property of the Estates.
9	WILLIAM J FAZIOLI 605 GROVE ST. D 3 CLIFTON, NJ 07013	10/09/09	Life Fund 5.2, LLC	09-32674	419	Secured: \$25,000.00	Secured: \$0.00 Unsecured: \$25,000.00	The loan contracts expressly state that no security interest was granted.
10	PEGGY J HUSKEY 62934 MARSH ORCHID DR BEND, OR 97701	08/30/10	A&O Life Fund, LLC	09-32678	840	Secured: \$50,000.00	Secured: \$0.00 Unsecured: \$50,000.00	Asserted security interest in collateral that is not property of the Estates.
11	JUNE A. MCKENZIE 17501 W. RIVER DR. MORLEY, MI 49336	09/01/10	Life Fund 5.1, LLC	09-32672	893	Secured: \$140,000.00	Secured: \$0.00 Unsecured: \$140,000.00	The loan contracts expressly state that no security interest was granted.
12	GREGORY T RANSOM 8515 BREEN RD HOUSTON, TX 77064	11/09/09	Life Fund 5.2, LLC	09-32674	418	Secured: \$50,000.00	Secured: \$0.00 Unsecured: \$50,000.00	The loan contracts expressly state that no security interest was granted.
13	RENEE M RANSOM 8515 BREEN RD HOUSTON, TX 77064	11/09/09	Life Fund 5.2, LLC	09-32674	417	Secured: \$50,000.00	Secured: \$0.00 Unsecured: \$50,000.00	The loan contracts expressly state that no security interest was granted.
14	JEROME S SALOW 11138 161ST ST CHIPPEWA FALLS, WI 54729	09/15/09	Life Fund 5.2, LLC	09-32674	31	Secured: \$131,867.46 Unsecured: \$131,867.46	Secured: \$0.00 Unsecured: \$131,867.46	Asserted security interest in collateral that is not property of the Estates.

09-32672-757.3:Objection to Claim:Proposed Order Entered: 9/2/2011 4:31:37 PM by:Brandon Levitan Page 6 of 6  
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15	JOHN P TINERELLA 23526 TAYMAN PARK LN. KATY, TX 77494	01/07/10	A&O Resource Management, Ltd	09-32677	496	Secured: \$324,000.00 Unsecured: \$0.00	Secured: \$0.00 Unsecured: \$324,000.00	Asserted security interest in collateral that is not property of the Estates.