

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> , ¹ |) | Case No. 09 B 32672 |
| |) | |
| Debtors. |) | Jointly Administered |

**ORDER SUSTAINING FOURTH OMNIBUS OBJECTION
TO CLAIMS AND RECLASSIFYING ASSERTED PRIORITY CLAIMS
AS CLASS 2 UNSECURED CLAIMS**

Upon the *Trustee's Fourth Omnibus Objection to Certain Proofs of Claim (Priority Claims)* (the "Objection")²; 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

¹ 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.

² 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 Priority Claims are reclassified as Class 2 Unsecured claims as set forth on 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. 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. Objector
Peters, & filed
of Jane Berni's overrules for
for bench*

Dated: *10/4/11*
Chicago, Illinois

[Signature]
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**

In re: Life Funds 5.1, LLC, et al. (09-32672)
Exhibit A - Fourth 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 | THOMAS AND SUZANNE ARMSTRONG 3319 ALDEN MANOR LN. KATY, TX 77494 | 08/16/10 | Life Fund 5.2, LLC | 09-32674 | 681 | Priority: \$50,000.00 | Unsecured: \$50,000.00 | No basis for priority under section 507 of the Bankruptcy Code. |
| 2 | ENTRUST RETIREMENT SERVICES FBO HARRY L GOLLIER 2739 ISABELLA WARSAW, MO 65355 | 09/15/09 | A&O Resource Management, Ltd | 09-32677 | 297 | Priority: \$169,613.87 | Unsecured: \$169,613.87 | No basis for priority under section 507 of the Bankruptcy Code. |
| 3 | ENTRUST RETIREMENT SERVICES FBO HARRY L GOLLIER 2739 ISABELLA LN WARSAW, MO 65355 | 09/15/09 | Houston Tanglewood Partners, LLC | 09-32676 | 58 | Priority: \$151,773.52 | Unsecured: \$151,773.52 | No basis for priority under section 507 of the Bankruptcy Code. |
| 4 | JANE R. GORIN 7206 NW 94 WAY TAMARAC, FL 33321 | 07/20/10 | A&O Resource Management, Ltd | 09-32677 | 609 | Priority: \$50,000.00 | Unsecured: \$50,000.00 | No basis for priority under section 507 of the Bankruptcy Code. |
| 5 | REED HILL SR 5539 BELL FLOWER CT PRINCE GEORGE, VA 23875 | 09/22/09 | A&O Resource Management, Ltd | 09-32677 | 283 | Secured: \$83,599.38 Priority: \$83,599.38 | Secured: \$0.00 Priority: \$0.00 | No basis for priority under section 507 of the Bankruptcy Code. |
| 6 | GREGORY JOHNSON 600 NOTTINGHAM OAKS TRAIL #251 HOUSTON, TX 77079 | 07/19/10 | Houston Tanglewood Partners, LLC | 09-32676 | 552 | Priority: \$50,000.00 Unsecured: \$161,130.00 | Priority: \$0.00 Unsecured: \$211,130.00 | No basis for priority under section 507 of the Bankruptcy Code. |
| 7 | ERIC JOHN KOCAN 8126 WINDING OAK LANE SPRING, TX 77379 | 08/31/10 | A&O Life Fund, LLC | 09-32678 | 866 | Priority: \$201,681.89 | Unsecured: \$201,681.89 | No basis for priority under section 507 of the Bankruptcy Code. |
| 8 | JESSE MAYO 572 JUNE ST. HEMPHILL, TX 75948 | 09/02/10 | A&O Resource Management, Ltd | 09-32677 | 884 | Priority: \$201,000.00 | Unsecured: \$201,000.00 | No basis for priority under section 507 of the Bankruptcy Code. |