

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 SIXTH OMNIBUS OBJECTION TO CLAIMS AND
REDUCING AND RECLASSIFYING SUCH OVERSTATED AND WRONGLY
CLASSIFIED CLAIMS AS SET FORTH HEREIN**

Upon the *Trustee's Sixth Omnibus Objection to Certain Overstated and Wrongly Classified 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, except as set forth below; 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 timely³ 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

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.

³ It appears that service to claimant Catherine R. Jernigan ("Jernigan"), the holder of claim numbers 359 and 162 (the "Jernigan Claims") was not proper until September 22, 2011.

been afforded reasonable opportunity to respond to, or be heard regarding, the relief requested in 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 and Wrongly Classified Claims listed on Exhibit A are reclassified as Class 2 Unsecured claims and reduced to the amounts set forth in Exhibit A.

3. Hearing on the Objection with respect to the Jernigan Claims shall be continued until [Oct 27th 2011] at [10:30 AM]

4. 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.

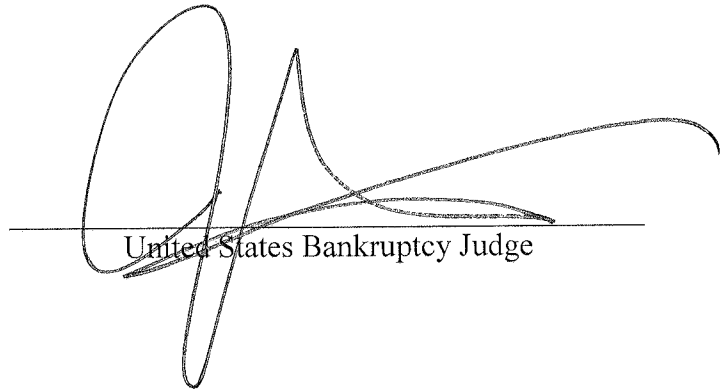
5. Each Claim and the objections by the Trustee to such Claim, as addressed in the Objection and as set forth on Exhibit A hereto, constitutes a separate contested matter as contemplated by Bankruptcy Rule 9014. This Order shall be deemed a separate Order with respect to each Claim. Any stay of this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

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: **OCT 06 2011**
Chicago, Illinois



United States Bankruptcy Judge

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

EXHIBIT "A"

Overstated and Wrongly Classified Claims

In re: Life Funds 5.1, LLC, et al. (09-32672)
 Exhibit A - Sixth 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	CLIFTON H ALLEN 5927 DEMOSS HOUSTON, TX 77081	11/02/09	Houston Tanglewood Partners, LLC	09-32676	310	Secured: \$382,708.33	Secured: \$0.00 Unsecured: \$275,000.00	Claim reduced to reflect aggregate principal investment and no basis for priority under section 507 of the Bankruptcy Code.
2	MAURICE E. AND SARA A. AMIDEI 9802 CHISELHURST DR. HOUSTON, TX 77065	08/24/10	Life Fund 5.1, LLC	09-32672	889	Secured: \$90,560.00	Secured: \$0.00 Unsecured: \$50,000.00	Claim reduced to reflect aggregate principal investment and no basis for priority under section 507 of the Bankruptcy Code.
3	MAURICE E. AND SARA A. AMIDEI 9802 CHISELHURST DR. HOUSTON, TX 77065	08/24/10	A&O Life Fund, LLC	09-32678	891	Secured: \$345,419.00	Secured: \$0.00 Unsecured: \$175,000.00	Claim reduced to reflect aggregate principal investment and no basis for priority under section 507 of the Bankruptcy Code.
4	FRANK ANDREWS 9607 CLIFFWOOD HOUSTON, TX 77066	10/21/09	Houston Tanglewood Partners, LLC	09-32676	410	Secured: \$134,450.00 Priority: \$134,450.00 Unsecured: \$0.00	Unsecured: \$75,000.00	Claim reduced to reflect aggregate principal investment and no basis for priority under section 507 of the Bankruptcy Code.
5	RUSSELL J BARBER 13958 RT 78 S WALES, NY 14139	12/10/09	A&O Resource Management, Ltd	09-32677	475	Secured: \$98,796.67 Unsecured: \$3,203.33	Secured: \$0.00 Unsecured: \$75,000.00	Claim reduced to reflect aggregate principal investment and no basis for priority under section 507 of the Bankruptcy Code.
6	ALTON LEROY COMBS 407 RHODE ISLAND AVE ELIZABETH, NC 27909	08/02/10	Houston Tanglewood Partners, LLC	09-32676	621	Secured: \$282,425.15	Secured: \$0.00 Unsecured: \$138,303.25	Claim reduced to reflect aggregate principal investment and no basis for priority under section 507 of the Bankruptcy Code.
7	DONALD W DUDNEY 3506 BROKEN ARROW COEUR D ALENE, ID 83815	10/14/09	A&O Resource Management, Ltd	09-32677	233	Secured: \$250,190.00	Secured: \$0.00 Unsecured: \$175,000.00	Claim reduced to reflect aggregate principal investment and no basis for priority under section 507 of the Bankruptcy Code.
8	LARRY E DUNLAP 45 LENNON RD ELMA, WA 98541	10/06/09	A&O Life Fund, LLC	09-32678	43	Secured: \$125,753.00	Secured: \$0.00 Unsecured: \$68,786.77	Claim reduced to reflect aggregate principal investment and asserted security interest in collateral that is not property of the Estates.
9	ENTRUST ADMINISTRATION SERVICES INC FBO SARA A. AMIDEI 9802 CHISELHURST DR. HOUSTON, TX 77065	08/24/10	Life Fund 5.1, LLC	09-32672	890	Secured: \$89,428.00	Secured: \$0.00 Unsecured: \$50,000.00	Claim reduced to reflect aggregate principal investment and no basis for priority under section 507 of the Bankruptcy Code.
10	ENTRUST RETIREMENT SERVICES INC FBO DIXIE M FROST IRA 17171 PARK ROW SUITE 100 HOUSTON, TX 77084	11/02/09	Houston Tanglewood Partners, LLC	09-32676	311	Secured: \$541,108.33	Secured: \$0.00 Unsecured: \$398,200.00	Claim reduced to reflect aggregate principal investment and asserted security interest in collateral that is not property of the Estates.

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11	ENTRUST ADMINISTRATION SERVICES INC FBO LUIS LOPEZ 4220 STANFORD AVE DALLAS, TX 75225	10/23/09	A&O Bonded Life Assets, LLC	09-32679	379	Secured: \$360,182.30 Unsecured: \$0.00	Secured: \$0.00 Unsecured: \$162,928.18	Claim reduced to reflect aggregate principal investment and asserted security interest in collateral that is not property of the Estates.
12	NETA MERICKSON 630 CAMELIA DR GLENN HEIGHTS, TX 75154	09/22/09	A&O Resource Management, Ltd	09-32677	301	Secured: \$100,000.00 Priority: \$0.00 Unsecured: \$100,000.00	Secured: \$0.00 Priority: \$0.00 Unsecured: \$100,000.00	Claim reduced to reflect aggregate principal investment and the loan contracts expressly state that no security interest was granted and no basis for priority under section 507 of the Bankruptcy Code.
13	KATHLEEN HASSETT & CYNTHIA FOULLIS JTWROS 773 CR439 LAWARD, TX 77970	08/19/10	Houston Tanglewood Partners, LLC	09-32676	700	Secured: \$85,396.07 Unsecured: \$153,510.00	Unsecured: \$85,396.00	Claim reduced to reflect aggregate principal investment and asserted security interest in life insurance policy is subordinate to the Trustee's interest.
14	SHARON FULLMER 9981 LAKE SEMINOLE DRIVE N LARGO, FL 33773	08/30/10	A&O Bonded Life Settlement, LLC	09-32681	819	Secured: \$98,981.00 Priority: \$50,000.00	Secured: \$0.00 Priority: \$0.00 Unsecured: \$47,147.49	Claim reduced to reflect aggregate principal investment and no basis for priority under section 507 of the Bankruptcy Code.
15	THOMAS E JR AND BARBARA D GAVER JTW 14220 E SUNNYSIDE DR VERADALE, WA 99037	09/21/09	A&O Resource Management, Ltd	09-32677	289	Secured: \$180,803.00 Unsecured: \$0.00	Secured: \$0.00 Unsecured: \$101,655.26	Claim reduced to reflect aggregate principal investment and asserted security interest in collateral that is not property of the Estates.
16	DR CHARLES GIGER C/O DAVID TB AUDLEY CHAPMAN AND CUTLER LLP 111 W MONROE ST CHICAGO, IL 60603	11/12/09	Houston Tanglewood Partners, LLC	09-32676	337	Secured: \$1,315,913.80	Secured: \$0.00 Unsecured: \$999,084.34	Claim reduced to reflect aggregate principal investment and asserted security interest in collateral that is not property of the Estates.
17	CARL HILL 209 GLEN ABBEY DR CARY, NC 27513	08/31/10	Life Fund 5.1, LLC	09-32672	879	Secured: \$326,800.00	Secured: \$0.00 Unsecured: \$200,000.00	Claim reduced to reflect aggregate principal investment and no basis for priority under section 507 of the Bankruptcy Code.
18	MARY KANTARA 707 ALMOND POINTE LEAGUE CITY, TX 77573	08/23/10	Life Fund 5.1, LLC	09-32672	718	Secured: \$150,326.44 Priority: \$0.00 Unsecured: \$150,326.44	Secured: \$0.00 Priority: \$0.00 Unsecured: \$100,000.00	Claim reduced to reflect aggregate principal investment and no basis for priority under section 507 of the Bankruptcy Code.
19	JOSEPH C KETANER 9114 MEMORIAL PINES WAY SPRING, TX 77379	10/14/09	A&O Bonded Life Assets, LLC	09-32679	380	Priority: \$211,891.00 Unsecured: \$108,377.30	Priority: \$0.00 Unsecured: \$108,377.30	Claim reduced to reflect aggregate principal investment and no basis for priority under section 507 of the Bankruptcy Code.

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20	LAVINA M KNIGHT 1201 N EVERGREEN RD APT 3001 SPOKANE, WA 99216	09/28/09	A&O Resource Management, Ltd	09-32677	207	Secured: \$81,270.00	Secured: \$0.00 Unsecured: \$50,000.00	Claim reduced to reflect aggregate principal investment and asserted security interest in collateral that is not property of the Estates.
21	DAVID W LEACH 2425 AUGUSTA DRIVE #47 HOUSTON, TX 77057	08/18/10	Life Fund 5.2, LLC	09-32674	699	Secured: \$92,618.00	Secured: \$0.00 Unsecured: \$50,000.00	Claim reduced to reflect aggregate principal investment and asserted security interest in collateral that is not property of the Estates.
22	RICHARD A LEFBOLZ 177 STEWART FARM RD GRAY, GA 31032	10/27/09	A&O Life Fund, LLC	09-32678	421	Secured: \$126,694.00	Secured: \$0.00 Unsecured: \$100,000.00	Claim reduced to reflect aggregate principal investment and asserted security interest in collateral that is not property of the Estates.
23	MOSES MATTHEWS 106 N HAINES ST WILLIAMSTON, NC 27892	10/14/09	Life Fund 5.2, LLC	09-32674	1	Secured: \$100,000.00 Priority: \$125,249.00 Unsecured: \$25,249.00	Secured: \$0.00 Priority: \$0.00 Unsecured: \$100,000.00	Claim reduced to reflect aggregate principal investment and asserted security interest in collateral that is not property of the Estates.
24	ROSEMARY A MOLINARI 1203 MATTHEWS GLEN DR KNIGHTDALE, NC 27545	10/18/10	Life Fund 5.1, LLC	09-32672	907	Priority: \$348,000.00	Priority: \$0.00 Unsecured: \$348,000.00	Claim reduced to reflect aggregate principal investment and no basis for priority under section 507 of the Bankruptcy Code.
25	PATRICIA L. SCHULKE 1775 CONCORDIA LAKE CIRCLE #3002 CAPE CORAL, FL 33909	05/14/11	Life Fund 5.1, LLC	09-32672	911	Priority: \$135,000.00	Priority: \$0.00 Unsecured: \$135,000.00	Claim reduced to reflect aggregate principal investment and no basis for priority under section 507 of the Bankruptcy Code.
26	THE SHIRLEY MAE MADDUX COLLINS LIVING TR 800 LARK LANE OAK LEAF, TX 75154	02/11/10	Life Fund 5.2, LLC	09-32674	492	Secured: \$92,618.00	Secured: \$0.00 Unsecured: \$50,000.00	Claim reduced to reflect aggregate principal investment and asserted security interest in collateral that is not property of the Estates.
27	LERROY P. TREADWAY 8700 TWEED DR. HOUSTON, TX 77061	08/30/10	Life Fund 5.1, LLC	09-32672	826	Secured: \$1,636.07 Priority: \$68,636.07 Unsecured: \$67,000.00	Unsecured: \$67,000.00	Claim reduced to reflect aggregate principal investment and the loan contracts expressly state that no security interest was granted and no basis for priority under section 507 of the Bankruptcy Code.
28	LINDA L. TREADWAY 8700 TWEED DR. HOUSTON, TX 77061	08/30/10	Life Fund 5.1, LLC	09-32672	827	Secured: \$1,942.72 Priority: \$59,942.72 Unsecured: \$58,000.00	Secured: \$0.00 Priority: \$0.00 Unsecured: \$58,000.00	Claim reduced to reflect aggregate principal investment and the loan contracts expressly state that no security interest was granted and no basis for priority under section 507 of the Bankruptcy Code.

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29	SHIRLEY M WOODSIDE 15732 WHIDBY LIVONIA, MI 48154	10/09/09	A&O Bonded Life Assets, LLC	09-32679	161	Secured: \$150,000.00 Unsecured: \$147,932.99	Secured: \$0.00 Unsecured: \$250,000.00	Claim reduced to reflect aggregate principal investment and asserted security interest in collateral that is not property of the Estates.
30	SHANMIN ZHANG 103 EXETER CT #2 SUNNYVALE, CA 94087	10/09/09	A&O Resource Management, Ltd	09-32677	320	Secured: \$50,000.00 Unsecured: \$15,540.00	Secured: \$0.00 Unsecured: \$50,000.00	Claim reduced to reflect aggregate principal investment and asserted security interest in collateral that is not property of the Estates.