CAUSE NO. _____

STATE OF TEXAS	§	**IN THE DISTRICT COURT OF**
	§	
Plaintiff	§	
	§	
VS.	§	
	§	
NATIONAL LIFE SETTLEMENTS, LLC,	§	
a Texas Limited Liability Company,	§	
NATIONAL LIFE SETTLEMENTS, LLC,	§	
a Colorado Limited Liability Company,	§	
NATT, LLC, a Texas Limited Liability Company	§	
HOWARD GLENN JUDAH, JR., and	§	
GREGORY F. JABLONSKI	§	
aka Gregory F. Joblonski	§	**TRAVIS COUNTY, TEXAS**
	§	
Defendants	§	
	§	
AND	§	
	§	
STERLING BANCSHARES, INC.	§	
aka STERLING BANK,	§	
CAPITAL ONE BANK (USA), N.A., and,	§	
SLSF ESCROW SERVICES, LLC	§	
	§	
Relief Defendants	§	_____ **JUDICIAL DISTRICT**

PLAINTIFF'S ORIGINAL VERIFIED PETITION AND APPLICATION FOR *EX PARTE* TEMPORARY RESTRAINING ORDER AND TEMPORARY RECEIVER, TEMPORARY AND PERMANENT INJUNCTIONS, RESTITUTION, AND TEMPORARY AND PERMANENT RECEIVERSHIP

TO THE HONORABLE JUDGE OF SAID COURT:

The State of Texas, Plaintiff in the above-entitled and numbered cause (hereinafter the "State" or "Plaintiff"), acting by and through Greg Abbott, Attorney General of Texas, at the request of Denise Voigt Crawford, Securities Commissioner of the State of Texas (hereinafter the "Securities Commissioner"), files this Original Petition, verified upon information and belief by the Securities Commissioner, complaining of National Life Settlements, LLC, a Texas Limited Liability Company,

National Life Settlements, LLC, a Colorado Limited Liability Company, NATT, LLC, a Texas Limited Liability Company, Howard Glenn Judah, Jr., and Gregory F. Jablonski aka Gregory F. Joblonski,and makes this application for an *ex parte* temporary restraining order and appointment of temporary receiver, temporary and permanent injunction, restitution, and temporary and permanent receivership.

In addition, the State seeks immediate injunctive relief against Sterling Bancshares, Inc., aka Sterling Bank, Capital One Bank (USA), N.A., and SLSF Escrow Services, LLC, as Relief Defendants to restrain any transfer of money or other assets they hold in the name of or pursuant to any account or interest of Defendants to the extent such money or assets are derived from Defendants' operations in Texas and to restrain any alteration, destruction, concealment or transfer of any records or information related to Defendants, or the disposition of investor-derived funds. The State has reason to believe that the Relief Defendants hold money or other assets derived from investor funds, or records related to the Defendants' scheme. The money and assets sought to be thus protected include all money and assets on deposit with, held by, or under the control of the Relief Defendants to the extent such money or assets are subject to any claim whatsoever, whether direct or contingent. *No wrongdoing is alleged against the Relief Defendants.* In support of these requests, the State would show the Court the following:

NATURE OF THIS ACTION

1. This action is brought in the name of the State of Texas by the Attorney General of Texas, acting within the scope of his official duties under the authority granted him under the Constitution and laws of Texas. It is brought for injunctive relief, restitution, and receivership at the request of the Securities Commissioner, who,

in making such a request, is acting within the scope of her official duties and authority under The Securities Act, TEX. REV. CIV. STAT. ANN. Art 581-1 *et seq*. (Vernon 1964 & Supp. 2008) ("Texas Securities Act").

THE DEFENDANTS

2. **National Life Settlements, LLC, a Texas Limited Liability Company** (hereinafter "Defendant NLS-Texas"), may be served through **Howard Judah**, its Registered Agent, at **14614 Falling Creek, Suite 260, Houston, Texas 77068**.

3. **National Life Settlements, LLC, a Colorado Limited Liability Company** (hereinafter "Defendant NLS-Colorado"), may be served through **Gregory F. Jablonski** aka Gregory F. Joblonski, its Registered Agent, at **135 Sugar Plum Way, Castle Rock, Colorado 80104**.

4. **NATT, LLC, a Texas Domestic Limited Liability Company** (herein referred to as "Defendant NATT") may be served through **Howard Judah**, its Registered Agent, at **14614 Falling Creek Drive, Suite 260, Houston, Harris County, Texas 77068**, or at its business office at the same address.

5. **Howard Glenn Judah, Jr.**, (hereinafter "Defendant Judah") may be served at **14614 Falling Creek, Suite 260, Houston, Texas 77068**, or at 15711 Falling Creek Drive, Houston, Texas 77068.

6. **Gregory F. Jablonski** aka Gregory F. Joblonski (hereinafter "Defendant Jablonski") may be served at **135 Sugar Plum Way, Castle Rock, Colorado 80104**.

7. Defendant NLS-Texas and Defendant NLS-Colorado are collectively referred to hereinafter as "Defendant NLS." Defendant NLS-Texas, Defendant NLS-Colorado, Defendant NATT, Defendant Judah, and Defendant Jablonski are

collectively referred to hereinafter as "Defendants."

THE RELIEF DEFENDANTS

8. **Sterling Bancshares, Inc. aka Sterling Bank** ("Relief Defendant Sterling Bank") may be served through its **Registered Agent at 2550 North Loop W, Suite 600, Houston, TX 77092**.

9. **Capital One Bank (USA), N.A.** ("Relief Defendant Capital One Bank") may be served at **Box 85032, Richmond, Virginia 23285-5032**.

10. **SLSF Escrow Services, LLC** ("Relief Defendant SLSF Escrow") may be served through **Michael J. Tuchman, its Registered Agent, at 2 N. Lasalle, Suite 1300, Chicago, Illinois, 60602**, or at its business offices at 8707 Skokie Boulevard, Suite 400, Skokie, Illinois 60077.

11. Relief Defendant Sterling Bank, Relief Defendant Capital One Bank and Relief Defendant SLSF Escrow are collectively referred to hereinafter as "Relief Defendants."

JURISDICTION

12. The Court has jurisdiction over this action under Sections 25-1 and 32 of the Texas Securities Act.

VENUE

13. Venue is proper in Travis County, Texas, under Sections 25-1.B and 32.A of the Texas Securities Act.

THE SCHEME

14. Defendants have raised approximately $20 million through the sale of fraudulent note programs to the public. Defendants are soliciting the public through the use

of unlawful advertising, unregistered securities sales agents and various deceptive and fraudulent means. Investors are being told that the note programs are safe and secure investments, that they will receive high returns coupled with little or no risk and that the note programs are suitable for retirees. Defendants are, however, intentionally failing to disclose material facts and misrepresenting relevant facts to investors. For example, investors are not being told that Defendant Judah, a key managerial figure and a Managing Member of Defendant NLS, was incarcerated after being convicted of multiple federal white collar criminal offenses. Defendants are also misrepresenting the protections afforded to investors by falsely stating that the Texas Department of Insurance regulates the note programs. Defendants NLS and Judah are further bolstering their claim to the legitimacy of the enterprise by purporting to have received in excess of *$60 billion* from the United States Government during the last year.

15. From November, 2006, until December 31, 2008, investors deposited approximately $20 million with Defendant NLS. The majority of these funds originated from accounts maintained at or through insurance companies and brokerage firms, and many of the transfers involved IRA, 401K or other retirement accounts. Approximately $2.66 million was transferred from the Texas Comptroller of Public Accounts on behalf of various current or former state employees.

16. During this period, Defendant NLS returned approximately $3 million to investors, paid more than $3 million as illegal commissions to unregistered securities salespersons, used approximately $1.5 million for the benefit of Defendant Judah, Defendant Jablonski, their families and other entities operated or

controlled by Defendant Judah and Defendant Jablonski, and transferred all but approximately $344,000 of the remainder to Defendant NATT, an entity undisclosed to and otherwise unknown by investors.

17. Information related to the fraudulent note programs and the use of investor funds is described in this verified petition, in the sworn affidavit of Rani Sabban and in the sworn affidavit of Letha Sparks. Both Mr. Sabban and Ms. Sparks are employed as Financial Examiners with the Enforcement Division of the Texas State Securities Board. Their affidavits are attached hereto, respectively, as Petition Exhibit A and Petition Exhibit B.

DEFENDANTS' SECURITIES OFFERINGS

18. Defendants are offering two investment programs in Texas. First, Defendants are offering secured notes (hereinafter referred to as the "secured notes") issued by investment trusts that are purportedly secured by life settlement policies. Second, Defendants are making available the opportunity to invest in a program referred to as the Immediate Income Investment Plan (hereinafter referred to as the "I^3 Plan"), an investment program that is similar to the secured note program but also provides biweekly income to investors. Additionally, Defendants are preparing to offer investors the opportunity to purchase membership interests in entities referred to as special purpose limited liability companies (hereinafter referred to as the "membership interests"). Investors who purchase membership interests will receive returns predicated on the maturity of senior life policies.

19. The secured notes, the I^3 Plan and the membership interests are hereinafter referred to collectively as the "NLS Securities."

THE SECURED NOTE PROGRAM

20. Investors are being told that their purchase of the secured notes issued by an investment trust will entitle them to a fixed rate of return per year for a five year term. Individuals who invested with Defendants prior to January 1, 2009, were promised a ten percent rate of return per year for the five year term. Individuals who invested with Defendants after January 1, 2009, were promised an eight percent rate of return per year for the five year term. Regardless of the date of investment, however, all investors are told that the secured notes are guaranteed and that the instruments have little or no risk associated with them.

21. Defendants are representing that Defendant NLS will use funds tendered by purchasers of secured notes to purchase life settlement policies to collateralize the promissory notes. The life settlement policies will be held by the investment trust for the benefit of investors who purchase secured notes.

22. Defendant NLS is responsible for purchasing the life settlement policies, facilitating the payment of death benefits to the trust and performing other duties associated with the life settlement policies. The investment trust is responsible for paying returns on the promissory notes to note holders.

THE I^3 PLAN

23. Defendants are describing the I^3 Plan as a fixed income and retirement investment program that delivers an integrated high yield retirement benefit plan and provides a regular fixed income to the investor. Investors are also being told that investments in the I^3 Plan have little or no risk.

24. Investors are being told that a portion of the funds invested in the I^3 Plan will be applied to a promissory note issued by an investment trust that has a five year

term and pays a fixed rate of return. Investors are also being told that the other portion of their funds will be applied to a fixed income program that creates a bi-weekly income over a five year term.

25. Defendants are representing that Defendant NLS will use funds tendered by investors in the I^3 Plan to purchase life settlement policies to collateralize the promissory notes. The life settlement policies will be held by the investment trust for the benefit of investors in the I^3 Plan.

26. Defendant NLS is responsible for purchasing the life settlement policies, facilitating the payment of death benefits to the trust and performing other duties associated with the life settlement policies. The investment trust is responsible for paying returns on the promissory notes to investors in the I^3 Plan.

27. Defendants are representing that Defendant NLS is responsible for paying a bi-weekly income to investors in the I^3 Plan.

MEMBERSHIP INTERESTS IN SPECIAL PURPOSE LIMITED LIABILITY COMPANIES

28. Defendants are preparing to offer the opportunity to purchase membership interests. Investors are being told that their purchase of membership interests will entitle them to tax-free cash preferred returns of up to eleven percent per year over a term of five, ten or fifteen years. The special purpose limited liability companies will reportedly hold and be the sole beneficiary of a portfolio of senior life settlements, and the preferred returns paid to investors will be secured by this portfolio.

THE MARKETING OF THE NLS SECURITIES

29. Defendants are offering the NLS Securities through the use of public advertising. Such advertising appears, for example, on craigslist, an Internet website that hosts classified advertisements for virtually any product or service. The craigslist website is divided by both geography and subject matter, and specifically includes a financial services section for certain major cities. Included within Petition Exhibit A is a copy of an advertisement for the NLS Securities that was carried on the financial services section of craigslist for Austin, Texas. This advertisement proposes a five year investment that pays a 10% tax deferred rate of return.

30. Members of the public who respond to these advertisements are being contacted by sales agents for Defendant NLS. Prior to January 1, 2009, the sales agents provided investors with offering documents and other materials that identify and describe the NLS Securities and stress that investors would receive a 10% guaranteed return. These sales materials do not, however, disclose any risks relating to the NLS Securities.

31. The sales agents are also arranging for interested persons to meet with "David Herzog," an individual identified as a "financial advisor who specializes in retirement income." David Herzog is conducting sales presentations from his office in Travis County, Texas.

32. In connection with these sales presentations, David Herzog is providing potential investors with a Power Point presentation. The Power Point presentation is a digital slideshow that touts the NLS Securities. The Power Point presentation provides, inter alia: "[t]he NLS Programs backed by Life Settlements are among

the most secure, stable and highest paying investment programs available today;" and "[t]he note agreement is a safe, stable easy to understand financial tool that is not subject to stock market volatility and provides outstanding returns." The product is also described therein as "simple, secure, consistent and profitable" with a 10% return per annum for five years. The presentation also describes the I^3 Program as a "secured retirement program" involving a 10% note that includes an "income stream" that is "guaranteed for five years!" Defendants also represent within this presentation that the I^3 Program "redefines the high yield retirement benefit plan while providing monthly income for investors;" and the product is "designed to help our clients achieve financial independence in retirement by proving guaranteed lifetime income."

33. Investors who purchase secured notes are required to execute a *Note Agreement* and persons who invest in the I^3 Plan are required to execute a *Note and Fixed Income Agreement*. Defendants are representing within the *Note Agreement* and the *Note and Fixed Income Agreement* that neither Defendant NLS nor representatives thereof are acting as "securities broker[s], securities dealer[s], securities representative[s], investment advisor[s], or financial planner[s].." and that the transactions are not "securities transaction[s]." The *Note Agreement* and *Note and Fixed Income Agreement* instead state that the notes are "insurance investment tool[s] and as such [are] governed by the State Insurance Commissioners office."

34. The *Note Agreement* provides that investors will not obtain any ownership in a life insurance policy and that Defendant NLS "agrees to lease its portfolio of life settlements as collateral to back said Note." The *Note and Fixed Income*

Agreement similarly provides that investors will not obtain any ownership in a life insurance policy and that Defendant NLS "agrees to lease its portfolio of life settlements as collateral to back said Note and Fixed Income Product."

DEFENDANTS ARE OFFERING AND SELLING SECURITIES

35. The purpose of the Texas Securities Act is to protect investors. See Texas Securities Act Section 10-1.B; see also Shields v. State, 27 SW3d 267 (Tex. App. 2000).

36. Section 4.A of the Texas Securities Act defines the term "securities" to include notes, evidences of indebtedness and investment contracts.

37. The secured notes are, on their face, notes with a fixed per annum return for five years. Investments in the I^3 Plan are, on their face, notes that pay a fixed return over a five year term coupled with a fixed income program. Under an analysis predicated on the common understanding of the term "note" coupled with the purposes of the Texas Securities Act, the secured notes and investments in the I^3 Plan are securities.

38. Moreover, the secured notes and the investments in the I^3 Plan are also securities in the form of "evidences of indebtedness." As set forth elsewhere herein, the Texas Securities Act provides that instruments that are "evidences of indebtedness" are also securities. The Texas Supreme Court and the Texas Court of Criminal Appeals have defined the term "evidences of indebtedness" to include "all contractual obligations to pay in the future for consideration presently received." Searsy v. Commercial Trading Corp., 560 SW2d 637, 641 (Tex 1978); see also Thomas v. State, 919 S.W.2d 427 (Tex.Cr.App. 1996). Investors who purchase the secured notes are providing Defendants with consideration in the

form of money, and the *Note Agreement* is a contractual obligation to pay future returns to the investors. Likewise, investors who purchase investments in the I^3 Plan are providing Defendants with consideration in the form of money, and the *Note and Fixed Income Agreement* is a contractual obligation to pay future returns to the investors. Both the secured notes and the investments in the I^3 Plan are therefore securities in the form of "evidences of indebtedness."

39. Finally, the secured notes and the investments in the I^3 Plan are also securities in the form of "investment contracts." The Texas Securities Act provides that instruments that constitute "investment contracts" are securities. The Texas Supreme Court has defined the term "investment contracts" to be (1) investments of money or property into (2) a common enterprise with (3) the expectation of profit (4) to be derived from the essential managerial efforts of others. See Searsy at 639. An application of this definition to the secured notes and the investments in the I^3 Plan clearly demonstrates that these instruments are "investment contracts," and these instruments are therefore securities.

Notably, individuals who purchase the secured notes and investments in the I^3 Plan are required only to perform one act: provide funds to the Defendants. These investors have no managerial rights or duties, and they are unable to perform any act that will affect the profitability of their investments. Their expectation is only that they will receive a sizeable per annum return for five years, and they are relying solely on the managerial efforts of Defendants to achieve this profit. Defendants, on the other hand, are solely responsible for managing the enterprise in a manner that will ensure the repayment of investor funds.

FRAUDULENT PRACTICES IN THE SALE OF SECURITIES

40. The use of fraud and fraudulent practices in connection with the offer for sale and sale of securities is prohibited by Sections 25-1 and 32.A of the Texas Securities Act. Section 4.F of the Texas Securities Act defines fraud as follows:

> The term "fraud" or "fraudulent practice" shall include any misrepresentations, in any manner, of a relevant fact; any promise or representation or prediction as to the future not made honestly and in good faith, or an intentional failure to disclose a material fact; . . . provided, that nothing herein shall limit or diminish the full meaning of the terms "fraud," "fraudulent," and "fraudulent practice" as applied or accepted in courts of law or equity.

41. In connection with the offer for sale and sale of NLS Securities, Defendant NLS and Defendant Judah have engaged in fraud by intentionally failing to disclose the following materials facts:

(a) On or about January 29, 1998, Defendant Judah was convicted of Conspiracy to Commit Wire Fraud in United States of America v. Howard Glenn Judah, Case Number 1:97CR00051-001, in the United States District Court for the Southern District of New York, and he was thereafter sentenced to serve thirty-two months in the United States Bureau of Prisons and ordered to serve three years of supervised release upon release from incarceration,

(b) On or about May 23, 1997, Defendant Judah was convicted of Engaging in Monetary Transactions In Property Derived from Specified Unlawful Activity in United States of America v. Howard Judah, Case Number 1:94CR00448-0001, in the United States District Court for the Southern District of New York, and he was thereafter sentenced to serve forty-six

months in the United States Bureau of Prisons and ordered to serve two years of supervised release upon release from incarceration, and

(c) On or about July 15, 1996, Defendant Judah was convicted of Contempt of Court in United States of America v. Howard Glenn Judah, Case Number 1:95CR00815-001, in the United States District Court for the Southern District of New York, and he was thereafter sentenced to serve twelve months and one day in the United States Bureau of Prisons, ordered to serve three years supervised release upon release from incarceration, and ordered not to make any financial transactions without consent from the Probation Department while serving supervised release.

42. In connection with the offer for sale of the NLS Securities, Defendants have engaged in fraud by intentionally failing to disclose the following material facts:

(a) The assets, liabilities and capitalization of Defendant NLS;

(b) A full and fair description of the background of the officers, directors, principals or control persons of Defendant NLS;

(c) Any risks associated with the NLS Securities, including risks related to the possibility that insurance policies will not mature during the five year term of the underlying notes, the inability of Defendant NLS to repay the note at the end of the five year term, the inability of Defendant NLS to fully satisfy all ongoing obligations relating to premium payments for life insurance policies securing the promissory notes, or the security of the collateral in the event of the bankruptcy or insolvency of Defendant NLS;

(d) The specific terms whereby the secured notes and investments in the I^3 Plan are secured with the proceeds of life insurance policies;

(e) The amount or percentage of funds, if any, held in reserve to ensure payment of the promised and guaranteed return to investors;

(f) The identity and qualifications of the trustee(s) of trusts associated with the secured notes and investments in the I^3 Plan;

(g) The actual or potential conflicts of interest between the trusts, trustees and Defendant NLS;

(h) The events and circumstances that resulted in Defendants NLS and Judah purportedly receiving in excess of $60 billion from the United States;

(i) That from November, 2006, through December 31, 2008, Defendant NLS received approximately $20 million from investors, and Defendant NLS returned approximately $3 million to investors, and virtually all of the remaining funds were paid as commissions to unregistered securities sales persons, used for the benefit of Defendant Judah and Defendant Jablonski, and all, but approximately $344,000, of the remainder was transferred to other entities, including Defendant NATT, operated or controlled by Defendant Judah and Defendant Jablonski;

(j) The existence and nature of any relationship or affiliation between Defendant NLS and Defendant NATT, controlled by Defendants Judah and Defendant Jablonski, that, through December 2008, received in excess of $9 million of funds tendered by investors; and

(k) The existence of transactions between Defendant NLS and other entities that involved investor funds, including but not limited to the existence and nature of any transactions between Defendant NLS and Defendant NATT,

Paradigm Recovery Solutions, LLC, Preservation Capital, LLC, and JCJ and Associates.

43. In connection with the offer for sale and sale of the NLS Securities, Defendants have also engaged in fraud by misrepresenting the following relevant facts:

(a) The note offerings are regulated by the Texas Department of Insurance;

(b) The note offerings are guaranteed; and

(c) That Defendant NLS and Defendant Judah received in excess of $60 billion from the U.S. Government in December, 2008.

44. In connection with the offer for sale of the NLS Securities, Defendant NATT has, with the intent to deceive or defraud or with reckless disregard for the truth or law, materially aided or is about to materially aid Defendant NLS in fraud or fraudulent practices by receiving the majority of the investors' money without the investors' knowledge, approval or authorization.

OFFERS AND SALES OF UNREGISTERED SECURITIES

45. The NLS securities are not registered with the Texas Securities Commissioner as required by the Texas Securities Act Section 7.A.(1). The Texas Securities Act prohibits the sale or offer for sale of unregistered securities as follows:

> No dealer, agent or salesman, shall sell or offer for sale any securities issued after September 6, 1955, except those which shall have been registered by Notification under subsection B or by Coordination under subsection C of this Section 7 and except those which come within the classes enumerated in Section 5 or Section 6 of the Act, until the issuer of such securities or a dealer registered under the provisions of this Act shall have been granted a permit by the Commissioner. . . .

46. The securities offered for sale and/or sold by Defendants have not been and are not currently registered with the Securities Commissioner, nor has a permit been granted for the sale of such securities as required by Section 7 of the Texas Securities Act.

FAILURE TO REGISTER PERSONS OFFERING AND SELLING SECURITIES

47. Section 12.A of the Texas Securities Act requires that all persons selling or offering to sell securities in Texas must be registered under the Act as follows:

> Except as provided in Section 5 of this Act, no person, firm, corporation or dealer shall, directly or through agents or salesmen, offer for sale, sell or make a sale of any securities in this state without first being registered as in this Act provided. No salesman or agent shall, in behalf of any dealer, sell, offer for sale, or make sale of any securities within the state unless registered as a salesman or agent of a registered dealer under the provisions of this Act.

48. During the period that securities were offered for sale and/or sold, Defendants and relevant sales staff were not registered as dealers, agents or salesmen as required by Section 12.A of the Texas Securities Act, or were registered in said capacity but were performing such activities solely as "outside business" and not through their registrations.

NEED FOR INJUNCTIVE RELIEF

49. Immediate injunctive relief in the form of a temporary restraining order against Defendants is necessary to restrain Defendants from wasting, secreting, and otherwise dissipating the investors' funds, derived funds, revenues, and other assets acquired and held in connection with the sale of the above-described securities to the public. Plaintiff believes that such action is necessary to prevent irreparable harm to the investing public.

50. The Plaintiff believes that if Defendants had notice of this action, they would dispose of, transfer, alter, pledge, or conceal money, property, assets, books and records obtained from investors and transfer money to accounts beyond the reach of Texas courts, and that an *ex parte* order is thus necessary to prevent the irreparable harm to investors that would result from such conduct.

51. Defendant Judah's undisclosed criminal record involving major financial related federal crimes, as well as the other misrepresentations and nondisclosures set forth above, are of such a serious character that there is substantial likelihood funds may be secreted or disposed of if Defendants are provided with advance notice of a proceeding, thus causing irreparable harm to investors.

52. Under Section 32.A of the Texas Securities Act, whenever it appears to the Commissioner that (1) any person has employed any scheme to obtain money or property by means of any false pretense, representation or promise, or has engaged in any course of business which is in violation of the law or which is fraudulent, that (2) any person is acting as a dealer without being duly registered, or (3) any person, with intent to deceive or defraud or with reckless disregard for the truth or the law, has materially aided, is materially aiding or is about to materially aid such person or person, the Attorney General may, on request by the Commissioner, bring an action against all such persons to enjoin the continuation of such fraudulent practices.

53. The State seeks immediate injunctive relief pursuant to Section 32.A of the Texas Securities Act in the form of a temporary restraining order against Defendants, and Defendants' officers, directors, principals, partners, joint venturers, stockholders, employees, salesmen, agents, representatives,

attorneys, and family members, against the Relief Defendants who are thought to be holding investor-derived property or records, to prevent disposing of, transferring, pledging, concealing, or altering in any manner, any such property, assets, books and records; and to protect any funds obtained from persons who have purchased securities described below from Defendants or their salesmen, employees, or agents, and any funds and other assets derived therefrom.

54. Pursuant to Section 32.B of the Texas Securities Act, the State also seeks restitution for the purchasers of the securities issued and sold by Defendants by means of fraud and fraudulent practices as described below.

55. Further, the State seeks the imposition of a constructive trust and equitable lien with respect to assets of any kind obtained through the fraudulent scheme, including, but not limited to, all debts owing to Defendants in connection with any loans made to third parties pursuant to the scheme and assets fraudulently transferred to third parties, and any proceeds therefrom.

NEED FOR A RECEIVER

56. The State also seeks an immediate temporary receiver for Defendant NLS-Texas and Defendant NATT, and upon hearing, the appointment of a temporary and permanent receiver for Defendants NLS-Texas, Defendants NATT and Defendant NLS-Colorado. Section 25-1 provides in part:

> A. Whenever it shall appear to the Commissioner, either upon complaint or otherwise, that:
>
> (1) any person or company acting as a dealer, agent, investment adviser, investment adviser representative, or issuer (as defined in Section 4 of this Act), or an affiliate of a dealer, agent, investment adviser, investment adviser representative, or issuer, whether or not required to be registered by the

commissioner as in this Act provided, shall have engaged in any act, transaction, practice, or course of business declared by Section 32 of this Act to be a fraudulent practice;

(2) such person or company shall have acted as a dealer, agent, investment adviser, investment adviser representative, or issuer or an affiliate of a dealer, agent, investment adviser, investment adviser representative, or issuer in connection with such fraudulent practice; and

(3) the appointment of a receiver for such person or company, or the assets of such a person or company is necessary in order to conserve and protect the assets of such person or company for the benefit of customers, security holders, and other actual and potential claimants of such person or company the commissioner may request the attorney general to bring an action for the appointment of a receiver for such person or company or the assets of such person or company.

As alleged above, all of these requirements have been met. Defendants have engaged in fraud in connection with the sale of NLS Securities and an immediate temporary receiver for Defendant NLS-Texas and Defendant NATT is necessary to insure that investor funds are accounted for and conserved. Pursuant to Texas Securities Act Section 25-1.C, such appointment may be made without notice. In addition, upon hearing, the State will show it is necessary to continue he appointment of a temporary receiver for Defendant NLS-Texas and Defendant NATT and appoint a temporary receiver for Defendant NLS-Colorado.

57. Defendants have acted as dealers, salesmen, or issuers, or affiliates of dealers, salesmen or issuers in the sale of securities and have engaged in acts, transactions, practices, and courses of business declared by Section 32.A to be fraudulent practices, or have, with intent to deceive or defraud or with reckless

disregard for the truth or law, materially aided or are about to materially aid persons in such fraudulent practices, in the offer for sale and sale of securities as described above.

58. The immediate appointment of a receiver for Defendant NLS-Texas and Defendant NATT is necessary in order to conserve and protect whatever investor-derived assets remain for the benefit of Defendants' customers, security holders, and other actual or potential claimants of Defendants.

59. An immediate temporary receiver is needed for the funds and assets of Defendants, including any stock they obtained through proceeds of investor-derived money, in order to conserve and protect said funds and assets for the benefit of the investors should restitution be granted in this case under Section 32.B of the Texas Securities Act.

60. Unless the receivership relief is granted and a temporary receiver is immediately appointed for Defendants' assets and the affairs of Defendant NLS-Texas and Defendant NATT, the funds and other property held by Defendants will be dissipated and lost, to the immediate and irreparable harm of the persons who purchased the securities from Defendants and to the harm of the general public. There is no adequate remedy at law.

61. For the aforementioned reasons, an order, before notice and hearing, appointing a temporary receiver for Defendants' assets and the affairs of Defendant NLS-Texas and Defendant NATT should be issued. After notice and hearing, it is necessary to extend the order for temporary receivership for the affairs of Defendants NLS-Texas, Defendant NATT and appoint a temporary receiver for Defendant NLS-Colorado. And after final hearing it is necessary to appoint a

permanent receiver for the affairs of Defendant NLS-Texas, Defendant NATT and Defendant NLS-Colorado. No adequate remedy is available at law.

62. All receivership relief sought in this case is available to the State of Texas as Plaintiff without bond under Section 25-1 of the Texas Securities Act.

63. Janet Mortenson is an attorney practicing in Houston, Texas, and has agreed to serve as receiver in this case if appointed by the Court. Ms. Mortenson has previously acted as a receiver in securities related cases and has substantial experience and expertise as a receiver and knowledge of the securities laws.

64. Pursuant to Section 25-1 of the Texas Securities Act, the State of Texas seeks to have a temporary receiver immediately appointed for Defendant NLS-Texas and Defendant NATT, and seeks to have the receiver appointed by the Court to post a bond in the amount of $100.

65. Pursuant to Section 25-1 of the Texas Securities Act, the State of Texas seeks, upon hearing, to have a temporary receiver appointed for Defendants NLS-Texas, Defendant NATT and Defendant NLS-Colorado, and seeks to have the receiver appointed by the Court to post no additional bond.

66. In the alternative to an immediate receivership for Defendant NATT, the State seeks immediate injunctive relief against NATT, LLC, a Texas Limited Liability Company ("NATT") as a Relief Defendant to restrain any transfer of money or other assets it holds in the name of or pursuant to any account or interest of Defendants to the extent such money or assets are derived from Defendants' operations in Texas and to restrain any alteration, destruction, concealment or transfer of any records or information related to Defendants, or the disposition of investor-derived funds. The State has reason to believe that NATT holds money

or other assets derived from investor funds, or records related to the Defendants' scheme. The money and assets sought to be thus protected include all money and assets on deposit with, held by, or under the control of NATT, as a possible Relief Defendant to the extent such money or assets are subject to any claim whatsoever, whether direct or contingent.

67. Pursuant to Section 32.A of the Texas Securities Act, the Attorney General may ask the Court to issue a subpoena requiring the appearance of any defendant and his employees or agents and the production of documents, books and records.

68. All injunctive relief sought in this case is available to the State of Texas as Plaintiff without bond under Section 32.A of the Texas Securities Act and under Section 6.001 of the Civil Practice and Remedies Code.

69. The State of Texas seeks payment of reasonable and necessary attorney's fees and costs incurred in the prosecution of this case pursuant to Section 402.006, TEX. GOVT. CODE.

CONCLUSION AND PRAYER

WHEREFORE, PREMISES CONSIDERED, the State prays that:

1. The Court grant a temporary restraining order, rendered before notice and hearing and without bond by the Attorney General and Securities Commissioner, until determination of The State of Texas' Motion for Temporary Injunction, or other order of the Court, enjoining Defendants, and its officers, directors, principals, partners, joint venturers, successors, shareholders, employees, salesmen, agents, representatives, attorneys, family members, and others acting

in concert with Defendants who receive actual notice of the Court's Order by personal service, facsimile transmission, or otherwise, from engaging in the following acts:

(a) **Dissipation of assets.** Disposing of, transferring, selling, assigning, negotiating, expending, encumbering, partitioning, canceling, concealing, secreting, disguising, hypothecating or removing money, assets, notes, equipment, fixtures, receivables, expectancies, funds or other property or objects of value, whether real, personal, or mixed and whether tangible or intangible, wherever situated, belonging to, owned by, in the possession of, acquired by, or claimed by Defendants, their affiliated companies, or their officers, directors, principals, partners, and attorneys, and others acting in concert with or in behalf of said entities where such property results from or is derived from the securities offered and sold by Defendants;

(b) **Destruction or removal of books and records.** Disposing of, transferring, selling, assigning, canceling, concealing, destroying, hiding, moving, secreting, disguising, or hypothecating the books, records, ledgers, journals, invoices, contracts, notes, leases, investor lists, investor files, investor subscription agreements, tax forms or advice, receipts, computer files, electronic information of any kind, materials, or any other documents or tangible items relating in any way to Defendants and their affiliated companies, or relating in any manner whatsoever to the services or contracts relating to securities offered and sold by the Defendants, which are now or which may come within or under the possession, custody, or control of the Defendants, their affiliated companies, and their agents, servants, officers, directors, principals, partners, joint venturers, successors, shareholders, employees, salesmen, representatives, attorneys, or any other entity acting in concert with or on behalf of Defendants;

(c) **Selling securities.** Promoting, issuing, selling, offering for sale, negotiating for sale, advertising, soliciting, dealing in or distributing any securities, including investment contracts, in any way and by any manner or means, either directly or indirectly through agents, servants, officers, directors, shareholders, employees, representatives, or any other entity acting for them or on their behalf without complying with the securities registration requirements found in the Texas Securities Act;

(d) **Acting as an agent, dealer or salesman.** Promoting, issuing, selling, offering for sale, negotiating for sale, advertising, soliciting, holding seminars, dealing in or distributing any securities, including investment contracts, to investors in any way and by any manner or means, either directly or indirectly through agents, servants, officers, directors, shareholders, employees, representatives, or any other entity acting for them or in their behalf, without complying with all dealer and salesman registration requirements of the Texas Securities Act;

(e) **Engaging in fraud**. Engaging in any fraud or fraudulent practice in connection with the offer for sale or sale of securities, in violation of the Texas Securities Act or other laws of Texas, including any misrepresentation of fact or omission of material facts;

(f) **Interfering with investigation**. Obstructing, hampering, seeking to delay, or interfering in any manner with any investigation of Defendants' sale of securities, including notes, evidences of indebtedness, investment contracts, conducted pursuant to the lawful authority of the Texas State Securities Board, the Office of the Attorney General, the Receiver, or any other law enforcement or governmental authority;

(g) **Communicating with Investors and Customers.** Contacting, via telephone, electronic mail or other written correspondence, or otherwise communicating, in any way, with investors or customers of either National Life Settlements, LLC, a Texas Limited Liability Company, or NATT, LLC, a Texas Limited Liability Company, without prior written approval from the Receiver appointed herein.

(h) **Interfering with operation of trusts**. Interfering in any manner with or taking any action as trustee over any trust related in any way to National Life Settlements LLC, a Texas Limited Liability Company, NATT, LLC, a Texas Limited Liability Company, National Life Settlements, LLC, a Colorado Limited Liability Company, or related in any way to any securities issued, offered or sold by Defendants, without the express consent of the Receiver.

(i) **Interfering with the Receiver or the Receivership Estate**. Interfering with, obstructing, or hampering the Receiver appointed under this Order, including accessing or using any web site, telephone, voice mail, or electronic mail account owned or used by Defendant National Life Settlements, LLC, a Texas Limited Liability Company or Defendant NATT, LLC, a Texas Limited Liability Company.

2. Order Relief Defendant Sterling Bank, Relief Defendant Capital One Bank and Relief Defendant SLSF Escrow to receive, by fax or personal service, in addition to service of citation, notice of the signing of the temporary restraining order and receivership, and immediately take all necessary steps to prevent Defendants from exercising any control over any money, to the extent such banks and institutions are in possession or control of funds deposited or claimed by

Defendants, or any certificates of deposit showing Defendants as owner, claimant, or trustee.

3. Grant a temporary injunction after notice and hearing, enjoining Defendants from directly and indirectly promoting, issuing, selling, offering for sale, negotiating, advertising, soliciting, dealing in or distributing any security or securities without complying with the Texas Securities Act, in any way and by any manner or means, either directly or indirectly through agents, servants, officers, directors, shareholders, employees, representatives, attorneys, or any other entity acting for them or in their behalf.

4. Issue a temporary injunction after notice and hearing, enjoining Defendants from acting as dealers, agents, or salesmen in securities without complying with all dealer, agent and salesman registration requirements of the Texas Securities Act; and enjoining Defendants from engaging in fraud and fraudulent practices in connection with the sale of securities in violation of the Texas Securities Act or other laws of Texas.

5. Issue an order, before notice and hearing, appointing Janet Mortenson as temporary receiver, to take charge of all the property, accounts and assets, held or claimed by or in the name of Defendants and to conduct the business affairs of Defendant NLS-Texas and Defendant NATT (collectively the "Receivership Estate" or "Estate") with the following powers:

(a) To take possession and full and sole legal control of all funds, property, and assets of whatever nature and wherever located (within or without the State of Texas), as appear to the Receiver in her sole discretion to be derived from Defendants' fraudulent operations or used in furtherance thereof, whether directly or indirectly; specifically including BUT NOT LIMITED TO the following accounts, assets and things:

(1) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *National Life Settlements, LLC*, Account No. [redacted] whereby Howard Judah, Gregory Jablonski, and Emily Dianne Huber are named as authorized signatories;

(2) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *National Life Settlements, LLC*, Account No. [redacted] whereby Howard G. Judah, Erica M. Judah and Gregory Francis Jablonski are named as authorized signatories;

(3) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *Cathedral Mountain Trust*, Account No. [redacted] and [redacted], whereby Gregory Francis Jablonski, Trustee, Stephen G. Jablonski Trustee, and Thomas Martin McLaughlin, Trustee, are named as authorized signatories;

(4) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *Cathedral Mountain Trust*, Account No. [redacted], whereby Gregory Francis Jablonski, Trustee, Stephen G. Jablonski Trustee, and Thomas Martin McLaughlin, Trustee, are named as authorized signatories;

(5) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *Howard G. Judah dba Owl Mortgage*, Account No. [redacted], whereby Howard G. Judah and Janet E. Judah are named as authorized signatories;

(6) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *Preservation Capital LLC*, Account No. [redacted], whereby Gregory Francis Jablonski and Howard G. Judah are named as authorized signatories;

(7) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *TomTrot Trust* (and/or "*TomTrott*"), Account No. [redacted] whereby Howard G. Judah, Trustee, is named as the authorized signatory;

(8) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *PRS Investments, LLC*, Account No. [redacted] whereby John A. Carroll and Howard G. Judah are named as authorized signatories,

(9) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *JCJ and Associates, LLC*, Account No. [redacted], whereby Gregory Francis Jablonski and Stephen G. Jablonski are named as authorized signatories;

(10) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *NATT, LLC*, Account No. [redacted], with Erica M. Judah is an authorized signatory;

(11) An account maintained at Capital One Bank, N.A., styled *NATT, LLC*, Account No. [redacted], with unknown signatories;

(12) An account maintained at Capital One Bank, N.A., styled *NATT, LLC* , Account No. [redacted], with Howard Judah and Gregory Jablonski as authorized signatories;

(13) An account maintained at Capital One Bank, N.A., styled *National Life Settlements, LLC*, Account No. [redacted] with Howard G. Judah, Gregory Jablonski and Emily Huber as authorized signatories;

(14) An account maintained at Capital One Bank, N.A., styled *Shooters Challenge, LLC*, Account No. [redacted] with unknown authorized signatories;

(15) Any accounts, including any escrow accounts, maintained at SLSF Escrow Services, LLC; and

(16) Any trust related in any way to National Life Settlements LLC, a Texas Limited Liability Company, National Life Settlements, LLC, a Colorado Limited Liability Company, NATT, LLC, a Texas Limited Liability Company, or related in any way to any securities issued, offered or sold by Defendants.

(b) To take possession and full and sole legal control of all books, records, computers, computer disks, other electronic data storage devices and materials relating to Defendants' fraudulent operations and all money, property and assets of Defendants which appear to the Receiver in her sole discretion to contain or be derived from proceeds of Defendants' sale of securities or used in furtherance thereof, including computers, financial and other records, books of accounts, checks, accounts receivable, passbooks, account numbers, and access codes for the accounts of deposit of Defendants described in paragraph 1 above, wherever and by whomever these records or accounts may be held;

(c) To enter, occupy and take full and sole legal control of any portion of the premises located at 14614 Falling Creek, Suite 260, Houston, Texas 77068 ("Premises") that is occupied by Defendants. If it appears to the Receiver that a non-affiliated entity, as described below, maintains any records or operates any business on the Premises, the Receiver is authorized to make reasonable accommodations to such third party to minimize, as practicable, the disruption of its business if such accommodations do not conflict with the Receiver's duties; however, the Receiver is authorized to inspect all portions of the Premises to

locate assets or records of any Defendant or Relief Defendant and to take any reasonable measures to take possession of, remove, preserve and secure any or all of the assets or records found on the Premises. In this context, the term 'non-affiliated' includes a business appearing to have no other relationship with the Defendants than one of office/space sharing. The Receiver shall further have the authority to terminate any lease if she determines it is in the best interest of the receivership estate; and to remove assets, property, materials and records, whether written or stored in computers, and including said computers, from the Premises located at 14614 Falling Creek, Suite 260, Houston, Texas 77068;

(d) To take full and sole legal title, as of the date of this Order, to the property known as Lot 5, Block 4, Windrose West Sec. 13, Harris County, Texas, and also known as 20511 Misty Crossing Lane, Spring, Texas 77379;

(e) To conduct, manage, and take sole charge of all business affairs of, and on behalf of Defendant National Life Settlements, LLC, a Texas Limited Liability Company, and Defendant NATT, LLC, a Texas Limited Liability Company;

(f) To receive, collect and open all mail directed to or delivered to any address or post office box used by these Defendants, and to direct the post office and commercial delivery services to forward all such mail and deliveries to the Receiver's office;

(g) To close accounts, transfer funds to any bank or brokerage firm that she may deem appropriate in her sole discretion, sign checks or other instruments withdrawing, depositing or transferring funds with respect to any account listed in paragraph 1 of this Order or otherwise identified by the Receiver as property of the receivership estate;

(h) To sell, transfer, redeem, or otherwise negotiate any certificate, contract, instrument or security held by or in the name of Defendants;

(i) To dismiss employees, contractors, consultants, attorneys, agents or assistants of Defendant National Life Settlements, LLC, a Texas Limited Liability Company and Defendant NATT, LLC, a Texas Limited Liability Company, or to change the terms of employment or engagement with any of them, or to engage and pay employees, contractors, consultants, accountants, attorneys, legal assistants, or other assistants under terms to be determined by the Receiver, whose services, in the sole discretion of the Receiver, are necessary for an efficient and accurate administration of the receivership estate and to pay for these services out of the funds of the receivership estate;

(j) To recover by taking full and sole legal control and ownership of assets or property acquired with funds derived from or obtained through Defendants' investment scheme, whether directly or indirectly, including any assets located offshore;

(k) To file any lawsuits the Receiver deems necessary to carry out her duties under this Order;

(l) To prosecute, or defend any suit or suits by or against Defendants which may be deemed necessary, in the sole discretion of the Receiver, to further the obligations of the Receiver as set out above, but not to serve as an arbiter of claims by trade creditors of Defendants, or other claimants who are not investor-victims, as determined in the sole discretion of the Receiver;

(m) To dispose of, for the benefit of investor-victims, any real or personal property of Defendants, if that property is determined by the Receiver to have been obtained or derived from the unlawful sale of securities;

(n) To open accounts and transfer money from one bank, brokerage firm, or other financial institution to another, or one account to another, as necessary in the Receiver's sole discretion, and under terms the Receiver considers appropriate;

(o) To enter into contracts as necessary for the orderly administration of the receivership estate and to pay reasonable and necessary expenses incurred in connection with the foregoing duties out of the funds of the receivership estate;

(p) To advance her own funds, if necessary in her sole discretion, to pay any expense incurred in carrying out her responsibilities under this Order and to reimburse herself immediately for any funds advanced;

(q) To delegate to agents the authority to exercise any of the powers conferred on the Receiver by this Order;

(r) To file an accounting and a final report when she has concluded her duties under this Order; and

(s) To exercise all equitable powers under the statutes and common law of this State authorizing the appointment of a Receiver.

6. In the alternative to granting an immediate receivership for Defendant NATT, order NATT, LLC, a Texas Limited Liability Company, as a Relief Defendant, to receive, by fax or personal service, in addition to service of citation, notice of the signing of the temporary restraining order and receivership, and immediately take all necessary steps to restrain any transfer of money or other assets it holds in

the name of or pursuant to any account or interest of Defendants to the extent such money or assets are derived from Defendants' operations in Texas and to restrain any alteration, destruction, concealment or transfer of any records or information related to Defendants, or the disposition of investor-derived funds.

7. Issue an order, after notice and hearing, extending the appointment of the temporary receiver to take charge of all property and assets held and claimed by Defendant NLS-Texas and Defendant NATT with all of the powers outlined in Paragraphs 5 above and 8 below;

8. Issue an order, after notice and hearing, further appointing Janet Mortenson as the temporary receiver to take charge of all property and assets held by Defendant NLS-Colorado with the following powers:

(a) To take possession and full legal control of all funds, property, and assets of whatever nature and wherever located (within or without the State of Texas), as appear to the Receiver in her sole discretion to be derived from Defendants' fraudulent operations or used in furtherance thereof, whether directly or indirectly; specifically including BUT NOT LIMITED TO the following accounts, assets and things:

(1) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *National Life Settlements, LLC*, Account No. [redacted] whereby Howard Judah, Gregory Jablonski, and Emily Dianne Huber are named as authorized signatories;

(2) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *National Life Settlements, LLC*, Account No. [redacted] whereby Howard G. Judah, Erica M. Judah and Gregory Francis Jablonski are named as authorized signatories;

(3) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *Cathedral Mountain Trust*, Account No. [redacted] and [redacted] whereby Gregory Francis Jablonski, Trustee, Stephen G. Jablonski Trustee, and Thomas Martin McLaughlin, Trustee, are named as authorized signatories;

(4) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *Cathedral Mountain Trust*, Account No. [redacted] whereby Gregory Francis Jablonski, Trustee, Stephen G. Jablonski Trustee, and Thomas Martin McLaughlin, Trustee, are named as authorized signatories;

(5) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *Howard G. Judah dba Owl Mortgage*, Account No. [redacted] whereby Howard G. Judah and Janet E. Judah are named as authorized signatories;

(6) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *Preservation Capital LLC*, Account No. [redacted] whereby Gregory Francis Jablonski and Howard G. Judah are named as authorized signatories;

(7) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *TomTrot Trust* (and/or "*TomTrott*"), Account No. [redacted] whereby Howard G. Judah, Trustee, is named as the authorized signatory;

(8) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *PRS Investments, LLC*, Account No. [redacted] whereby John A. Carroll and Howard G. Judah are named as authorized signatories,

(9) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *JCJ and Associates, LLC*, Account No. [redacted] whereby Gregory Francis Jablonski and Stephen G. Jablonski are named as authorized signatories;

(10) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *NATT, LLC*, Account No. [redacted] with Erica M. Judah is an authorized signatory;

(11) An account maintained at Capital One Bank, N.A., styled *NATT, LLC*, Account No. [redacted] with unknown signatories;

(12) An account maintained at Capital One Bank, N.A., styled *NATT, LLC* , Account No. [redacted] with Howard Judah and Gregory Jablonski as authorized signatories;

(13) An account maintained at Capital One Bank, N.A., styled *National Life Settlements, LLC*, Account No. [redacted] with Howard G. Judah, Gregory Jablonski and Emily Huber as authorized signatories;

(14) An account maintained at Capital One Bank, N.A., styled *Shooters Challenge, LLC*, Account No. [redacted] with unknown authorized signatories;

(15) Any accounts, including any escrow accounts, maintained at SLSF Escrow Services, LLC; and

(16) Any trust related in any way to National Life Settlements LLC, a Texas Limited Liability Company, National Life Settlements, LLC, a Colorado Limited Liability Company, NATT, LLC, a Texas Limited Liability Company, or related in any way to any securities issued, offered or sold by Defendants.

(b) To take possession and full legal control of all books, records, computers, computer disks, other electronic data storage devices and materials relating to Defendants' fraudulent operations and all money, property and assets of Defendants which appear to the Receiver in her sole discretion to contain or be derived from proceeds of Defendants' sale of securities or used in furtherance thereof, including computers, financial and other records, books of accounts, checks, accounts receivable, passbooks, account numbers, and access codes for the accounts of deposit of Defendants described in paragraph 1 above, wherever and by whomever these records or accounts may be held;

(c) To enter, occupy and take full legal control of any portion of the premises located at 14614 Falling Creek, Suite 260, Houston, Texas 77068 ("Premises") that is occupied by Defendants. If it appears to the Receiver that a non-affiliated entity, as described below, maintains any records or operates any business on the Premises, the Receiver is authorized to make reasonable accommodations to such third party to minimize, as practicable, the disruption of its business if such accommodations do not conflict with the Receiver's duties; however, the Receiver is authorized to inspect all portions of the Premises to locate assets or records of any Defendant or Relief Defendant and to take any reasonable measures to take possession of, remove, preserve and secure any or all of the assets or records found on the Premises. In this context, the term 'non-affiliated' includes a business appearing to have no other relationship with the Defendants than one of office/space sharing. The Receiver shall further have the authority to terminate any lease if she determines it is in the best interest of the receivership estate; and to remove assets, property, materials and records, whether written or stored in computers, and including said computers, from the Premises located at 14614 Falling Creek, Suite 260, Houston, Texas 77068;

(d) To take full legal title, as of the date of this Order, to the property known as Lot 5, Block 4, Windrose West Sec. 13, Harris County, Texas, and also known as 20511 Misty Crossing Lane, Spring, Texas 77379;

(e) To conduct, manage, and take charge of all business affairs of, and on behalf of Defendants National Life Settlements, LLC, a Texas Limited Liability Company, Defendant NATT, a Texas Limited Liability Company and National Life Settlements, LLC, a Colorado Limited Liability Company;

(f) To receive, collect and open all mail directed to or delivered to any address or post office box used by these Defendants, and to direct the post office and commercial delivery services to forward all such mail and deliveries to the Receiver's office;

(g) To close accounts, transfer funds to any bank or brokerage firm that she may deem appropriate in her sole discretion, sign checks or other instruments withdrawing, depositing or transferring funds with respect to any account listed in paragraph 1 of this Order or otherwise identified by the Receiver as property of the receivership estate;

(h) To sell, transfer, redeem, or otherwise negotiate any certificate, contract, instrument or security held by or in the name of Defendants;

(i) To dismiss employees, contractors, consultants, attorneys, agents or assistants of Defendants National Life Settlements, LLC, a Texas Limited Liability Company, Defendant NATT, LLC, a Texas Limited Liability Company, and National Life Settlements, LLC, a Colorado Limited Liability Company or to change the terms of employment or engagement with any of them, or to engage and pay employees, contractors, consultants, accountants, attorneys, legal assistants, or other assistants under terms to be determined by the Receiver, whose services, in the sole discretion of the Receiver, are necessary for an efficient and accurate administration of the receivership estate and to pay for these services out of the funds of the receivership estate;

(j) To recover by taking full legal control and ownership of assets or property acquired with funds derived from or obtained through Defendants' investment scheme, whether directly or indirectly, including any assets located offshore;

(k) To file any lawsuits the Receiver deems necessary to carry out her duties under this Order;

(l) To prosecute, or defend any suit or suits by or against Defendants which may be deemed necessary, in the sole discretion of the Receiver, to further the obligations of the Receiver as set out above, but not to serve as an arbiter of claims by trade creditors of Defendants, or other claimants who are not investor-victims, as determined in the sole discretion of the Receiver;

(m) To dispose of, for the benefit of investor-victims, any real or personal property of Defendants, if that property is determined by the Receiver to have been obtained or derived from the unlawful sale of securities;

(n) To open accounts and transfer money from one bank, brokerage firm, or other financial institution to another, or one account to another, as necessary in the Receiver's sole discretion, and under terms the Receiver considers appropriate, for orderly administration and restitution;

(o) To enter into contracts as necessary for the orderly administration of the receivership estate and to pay reasonable and necessary expenses incurred in connection with the foregoing duties out of the funds of the receivership estate;

(p) To advance her own funds, if necessary in her sole discretion, to pay any expense incurred in carrying out her responsibilities under this Order and to reimburse herself immediately for any funds advanced;

(q) To delegate to agents the authority to exercise any of the powers conferred on the Receiver by this Order;

(r) To file an accounting and a final report when she has concluded her duties under this Order; and

(s) To exercise all equitable powers under the statutes and common law of this State authorizing the appointment of a Receiver.

10. Issue an order that all property and assets held and claimed by Defendants in any capacity be placed in custodia legis as of the date of the appointment of the temporary receiver and the issuance of the temporary injunction herein;

11. Upon final hearing hereof, make permanent the order directing the receiver to take possession of the affairs of Defendants NLS-Texas, Defendant NATT, and Defendant NLS-Colorado and direct the receiver to liquidate the affairs of those Defendants as the facts and circumstances may require;

12. Issue an order that all persons be enjoined and restrained by the temporary injunction from interfering with those proceedings, and from commencing or prosecuting any action or appeal or obtaining any preference, judgment, attachment, garnishment, or other lien, or making any levy against the receiver, or against any receivership assets or any part thereof, and from asserting any

claims against them, except in these proceedings.

13. Issue an order that no party other than the Receiver appointed herein shall take any action as trustee over any trust related to Defendants NLS-Texas, NATT or NLS-Colorado without the express consent of the Receiver, and that no party shall interfere with the Receiver's operation of said trusts.

14. Issue an order that neither Defendants nor any parties acting under their direction or control shall use any electronic or telephonic tools or devices to alter, inquire about, or transfer any money in any account over which they have any power, authority, interest or control.

15. Issue an order that the Relief Defendants shall immediately take all necessary steps to assure that Defendants directly or indirectly shall not be able use any electronic or telephonic tools or devices to alter, inquire about, or transfer any money in any account over which he has any power, authority, interest or control.

16. Issue an order that no bond be required by the State of Texas.

17. Upon final hearing hereof, order that any temporary injunction entered herein be made a permanent injunction.

18. Upon final hearing, order restitution to be made to defrauded investors, identifiable at the final hearing, pursuant to Section 32.B of the Texas Securities Act.

19. Order that the State of Texas recover all investigative costs and all costs of this litigation and be awarded attorney's fees under Section 402.006, TEX. GOVT. CODE.

20. Grant such other and further relief, equitable and legal, to which the State of

Texas may be justly entitled.

Respectfully submitted,

GREG ABBOTT
Attorney General

C. ANDREW WEBER
First Assistant Attorney General

DAVID S. MORALES
Deputy Attorney General for Civil Litigation

DAVID C. MATTAX
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Attorneys for Plaintiff, the State of Texas

CERTIFICATE REGARDING NOTICE TO DEFENDANTS

Pursuant to Local Rule 7.3(b), I, Kara L. Kennedy, do hereby certify that to best of my knowledge, the parties against whom relief is sought are not represented by counsel in the matter made the basis of this suit in which *ex parte* relief is sought. The State believes that if Defendants had notice of this action, they would dispose of, transfer, alter, pledge, or conceal money, property, assets, books and records obtained from investors and transfer money to accounts beyond the reach of Texas courts, and that an *ex parte* order is thus necessary to prevent the irreparable harm to investors that would result from such conduct.

KARA L. KENNEDY

VERIFICATION

STATE OF TEXAS

COUNTY OF TRAVIS

BEFORE ME, the undersigned authority, on this day personally appeared John Morgan, Deputy Securities Commissioner of the State of Texas, who, being by me first duly sworn, deposed as follows:

"My name is John Morgan. I am the Deputy Securities Commissioner. I have read the allegations in the foregoing petition, and upon information and belief, each and every fact and matter therein stated is true and correct.

"Pursuant to Section 2.H of the Texas Securities Act, I am executing this Verification on behalf of the Securities Commissioner of the State of Texas.

John Morgan, Deputy Securities
Commissioner, State of Texas

SUBSCRIBED AND SWORN to before me, this the 12th day of February, 2009.

Notary Public in and for
The State of Texas

Sonia P Fergerson
Notary Public
State of Texas
My Commission Expires
April 22, 2012

NOTARY WITHOUT BOND