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Bilked investors' losses will be cut

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AUSTIN BUREAU

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AUSTIN — Elderly investors who were threatened with the loss of up to \$28.1 million in an investment scheme may get up to two-thirds of their money back under a settlement reached Thursday with the operators of National Life Securities of Houston.

The settlement clears Howard Glenn Judah Jr., of Houston, and Gregory Jablonski, of Colorado, of any future civil claims that may be made by the state in regard to their operation of National Life.

Houston lawyer Janet Mortenson, the receiver in the case, told District Judge Stephen Yelenosky that there may be between \$19 million and \$20 million of the investments available to return to the 300 investors. Most are elderly and put \$200,000 to \$300,000 into National Life after cashing out state employee and teacher retirement benefits, she said.

Investors have until Sept. 30 to make claims with her at NLSreceivership.com. Mortenson said the court in November will be asked to OK a distribution plan so the money can be returned to investors by the end of the year.

Mortenson's attorney, Michael Shaunessy, told the court that Judah and Jablonski had few assets that legally could be obtained, so that it was better to make a settlement with them so the investors could get their money back.

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Shaunessy said Jablonski had taken \$600,000 in investor money and Judah about \$900,000. He said Jablonski has a small amount of assets, but also was involved in some other investment schemes that now have receivers who will go after his money, so further litigation did not make sense.

"We're going to be fighting over a relatively small carcass with the other investors," Shaunessy said.

National Life has been in receivership since February. The State Securities Board launched an investigation after discovering securities being sold on Craigslist.

The company and its agents told investors their money would be used to purchase life insurance policies that would pay out on the death of the insured. A large portion of the investor money that no longer exists was paid to licensed insurance agents as commissions.

Securities Board spokesman Robert Elder said the judge's actions do not preclude possible future criminal actions against the National Life owners or additional civil actions against the insurance agents who sold the investments.

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