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March 6, 2009

To Investors with National Life Settlements, LLC:

On February 13, 2009, the Texas Attorney General, at the request of the Texas Securities Commissioner, filed a lawsuit against the following defendants: 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 a/k/a Gregory F. Joblonski. These individuals and entities are sometimes called "Defendants" in this letter. The State's lawsuit alleges that the Defendants have committed securities fraud. A state district court in Travis County, Texas issued a temporary restraining order and order appointing me as temporary receiver on February 13, 2009. The court entered a temporary injunction and order appointing me as permanent receiver on February 26, 2009.

The purpose of the receivership is to bring all assets derived from the alleged securities fraud into the custody and control of the court. The court has directed me, as receiver, to seize assets and to safeguard those assets until the court enters further instructions. I have served as the receiver in numerous fraud cases and have been appointed at various times at the request of the State Securities Board, the Securities and Exchange Commission, the Texas Attorney General's Office, the Harris County District Attorney's Office, and investors who were plaintiffs in private litigation concerning securities fraud. Several of my receivership cases involved at least \$35 million in investor losses and many of them involved several thousand victims. In those cases, I have recovered millions of dollars and distributed the funds to the defrauded investors.

Investors in receivership cases often ask whether other investors who hire lawyers or who make early demands for their funds will get preferential treatment from the receiver. The answer is **no**. Investors who have attorneys will receive no better treatment from me than investors who do not have attorneys, but I encourage you to speak to a lawyer if you believe you need individual legal advice. For example, you may wish to speak to an attorney if you believe you have potential claims against an individual or a company that referred you to the Defendants or recommended that you invest with them. Those individuals and companies could be liable to you under the Texas Securities

Act or other laws. You will need to consult your own counsel about these potential claims because I cannot advise you about your individual legal rights. **I am not your attorney.**

In their lawsuit, the Attorney General and the Securities Commissioner make the following allegations, among others, concerning Howard Judah, Gregory Jablonski, and National Life Settlements, LLC:

- Mr. Judah and Mr. Jablonski failed to disclose to investors that on or about January 29, 1998, Mr. Judah was convicted in the U.S. District Court for the Southern District of New York of conspiracy to commit wire fraud and was sentenced to serve thirty-two months in the U.S. Bureau of Prisons followed by a three year supervised release;
- Mr. Judah and Mr. Jablonski failed to disclose to investors that on or about May 23, 1997, Mr. Judah was convicted in the U.S. District Court for the Southern District of New York of engaging in monetary transactions in property derived from specified unlawful activity and was sentenced to serve forty-six months in the U.S. Bureau of Prisons followed by a two year supervised release;
- Mr. Judah and Mr. Jablonski failed to disclose to investors that on or about July 15, 1996, Mr. Judah was convicted in the U.S. District Court for the Southern District of New York of contempt of court and was sentenced to serve twelve months and one day in the U.S. Bureau of Prisons followed by a three year supervised release; and
- The Defendants have engaged in fraud by misrepresenting that NLS's notes are guaranteed, that NLS and Mr. Judah received more than \$60 billion from the U.S. Government in December 2008, and that NLS's notes are regulated by the Texas Department of Insurance.

Under the court's order, my duties as receiver include the following:

- To notify investor-victims of these proceedings;
- To locate and preserve all money, property, and assets derived from the Defendants' sales of securities;
- To discover what money has been sent to the Defendants, in what amounts, when, and under what terms;
- To effect fair restitution from assets under my control, according to a plan to be approved by the court after I have conducted a diligent investigation into the identity of the investor-victims, the amounts they paid to Defendants, any amounts already paid by Defendants to the investor-victims, and the circumstances under which their dealings with Defendants arose;

- To assist the State Securities Board, the Attorney General, and/or law enforcement entities in their investigation of Defendants' violations of the Securities Act; and
- To keep receivership expenses as low as possible, consistent with an accurate and efficient administration of the receivership estate.

I have seized \$20,325,386.29 from the Defendants' accounts. I have taken control of NLS's office, a house that was bought in NLS's name, and a 2009 Mercedes. I have demanded that the Defendants relinquish the other vehicles that they purchased with NLS funds. If you know the location of any other assets, please contact me immediately.

At this early stage of the investigation, I cannot estimate the length of time it will take before I can make recommendations to the court concerning a distribution of assets. Until I can determine the amount of money the Defendants accumulated from investors, the amounts returned to investors prior to the receivership, and the amount of money still owed to investors, I will not be able to make recommendations to the court regarding a distribution. Because it will be necessary to reconstruct thousands of financial transactions, this process will likely take several months.

I have established a telephone line for this case. The number is (713) 523-4032. The purpose of this phone line is to receive information about the Defendants' assets. Please do not call me to ask for status reports or updates. I cannot give individual reports to the investors in this case. Moreover, I believe that it is fair that all investors receive the same information at the same time from me. Accordingly, I will post periodic updates on a web site I have established at **www.nlsreceivership.com**.

The State Securities Board recently sent a questionnaire to all investors. The Texas Securities Act permits the Securities Board to share with me the investors' responses to these questionnaires. It is essential that each investor return his or her questionnaire so that I can quickly obtain information concerning the amount of money each investor deposited and the amount of money that was returned to him or her. At a later date, the receivership court may require each investor to complete an official sworn claim form, so please be sure to retain copies of all of your records. In the meantime, you may be contacted by someone from my office, a law enforcement agency, a district attorney's office, the Attorney General's Office, or the State Securities Board. Your cooperation in providing information will greatly assist in the investigation of this case.

I realize that many investors placed their retirement savings with the Defendants in this case. I will make every effort to recover as much money as possible for your benefit and to carry out my court-ordered responsibilities as quickly and efficiently as possible.

Sincerely,

Janet Mortenson
Receiver