

STATE OF TEXAS,
Plaintiff

IN THE DISTRICT COURT OF

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,
Defendants

TRAVIS COUNTY, TEXAS

AND

STERLING BANCSHARES, INC.
aka STERLING BANK,
CAPITAL ONE BANK (USA), N.A., and,
SLSF ESCROW SERVICES, LLC,
Relief Defendants

250th JUDICIAL DISTRICT

Filed in The District Court
of Travis County, Texas

BP 11/11/2009
At Amalia Rodriguez-Mendez, Clerk

ORDER GRANTING RECEIVER'S MOTION TO MAKE INITIAL DISTRIBUTION

Came on to be heard, Janet Mortenson, the Permanent Receiver ("Receiver") for National Life Settlements, L.L.C., a Texas Limited Liability Company; National Life Settlements, L.L.C., a Colorado Limited Liability Company; and NATT, L.L.C. (collectively referred to herein as "NLS") Motion for Authority to Make an Initial Distribution of Recovered Assets. Having considered the evidence, arguments of counsel and pleadings on file, the Court GRANTS the Motion.

In connection with the Receiver's Motion for Authority to Make an Initial Distribution of Recovered Assets, the Courts finds as follows:

Findings Regarding Claims Process

The Court finds that the Receiver has administered a claims process in accordance with the Court's orders, that the Receiver mailed notice of the claim form and the claims process to all known potential claimants at each potential claimant's last known address, and that all unknown potential claimants received notice of the claims process by publication.

Through the claims process, the Receiver has identified NLS investor victims who invested monies into the NLS illegal investment program that operated as a Ponzi or pyramid scheme, which did not receive compensation back from NLS (hereinafter referred to as "Claimants").

Findings Regarding the Plaintiff, State of Texas

On February 13, 2009, the State of Texas, at the request of Denise Voigt Crawford, the Securities Commissioner of Texas, and acting through Texas Attorney General Greg Abbott's office, filed this lawsuit against the NLS and its two principals, Howard G. Judah, Jr. and Gregory F. Jablonski, pursuant to the Texas Securities Act, article 581-1 *et seq.* of the Texas Civil Statutes. The State's lawsuit alleged that NLS, Judah, and Jablonski had sold unregistered securities through unregistered salespeople and had committed fraud in the offer and sale of securities. The State sought the appointment of a receiver for NLS. On February 13, 2009, the 201st District Court of Travis County entered a *Temporary Restraining Order and Order Appointing Receiver*. On February 26, 2009, the 53rd Judicial District Court entered a *Temporary Injunction Order and Order Appointing Permanent Receiver* (the "Receivership Order"). In the Receivership Order, the Court made Receiver the permanent receiver of NLS and all money, property, and assets of NLS and/or property that appeared to the Receiver to be derived from proceeds of NLS's sale of securities.

As a result of the State's action, the Receiver was able to seize bank accounts and other assets totaling more than \$21,000,000. Had the State not acted in filing this suit, these assets would likely have been wasted or deplete through the actions of Judah and Jablonski and their operation of NLS.

As the Court instructed, Receiver seized and liquidated assets derived from NLS's investment program. These assets include bank accounts, a house, furniture, office contents, luxury vehicles, and assignments of beneficial interests in certain trusts. The proceeds of these liquidated assets are the source of the funds that Receiver proposes to distribute.

The assistance of the State Securities Board enabled the Receiver in holding down the costs of the Receivership and the claims process. Based on testimony from the Receiver, the Court finds that if the Receiver had been compelled to pay for the accounting work which the State Securities Board provided, it would have cost the receivership estate over a \$150,000, thereby diminishing the amount of money available to distribute to the defrauded investors.

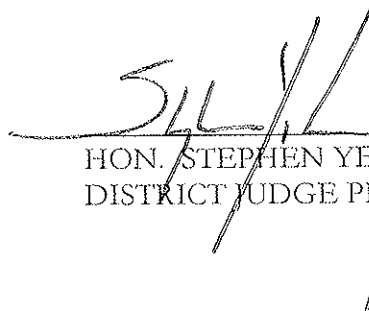
The Court finds that the intent of the Legislature to protect defrauded investors by providing for the appointment of private receivers under the Texas Securities Act has been fulfilled in this case and has led to the recovery of significant assets for the benefit of those investors.

Order on Distribution

It is therefore, ORDERED that the Receiver shall make a distribution so that each Claimant's total returns from NLS, including funds received from NLS prior to the institution of the Receivership, and funds distributed by Receiver will equal 69% of their deposits with NLS. It is, further,

ORDERED any NLS investors that have already received 69% or more of their total deposits in NLS shall receive no distribution from Receiver at this time.

Signed and Entered this 15 day of December, 2009.


HON. STEPHEN YELENOSKY
DISTRICT JUDGE PRESIDING