

aiding and abetting breach of fiduciary duty, conspiracy to breach fiduciary duties, negligent representation, warranties, and breach of contract and would show the Court the following:

RULE 190 DISCOVERY CONTROL PLAN

1. Pursuant to Rule 190, Texas Rules of Civil Procedure, Plaintiff advises the Court that this is a complex case with multiple parties and the prospect of multiple cross-parties, that Plaintiff is seeking monetary relief substantially in excess of \$50,000, and that this case will require extensive expert testimony of a highly technical and specialized nature. Plaintiff will file a motion requesting that discovery be conducted in accordance with a Level 3 discovery control plan tailored to the circumstances.

NATURE OF THE CASE

2. On February 13, 2009, the State of Texas (hereinafter the "State") filed a lawsuit against NLS Entities and its two Principals (Howard Glenn Judah, Jr. and Gregory F. Jablonski) pursuant to the Texas Securities Act, Article 581-1 *et. seq.* (Vernon 1964 & Supp. 2008) of the Texas Revised Civil Statutes. The State's lawsuit alleged that NLS Entities and their Principals 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 Entities. 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*. See Exhibit A attached hereto.

3. As instructed by the Court's order, the Receiver seized and liquidated assets derived of NLS' investment program. On June 29, 2009, the Court approved the Receiver's proposed claim process and Proof of Claim form. The Court set a deadline of September 30,

2009 for filing claims. As a result of the Receiver's seizure of assets and the claims process, investor victims with allowed claims received back sixty-nine percent (69%) of the money they invested in NLS Entities. While this is an outstanding result, NLS investors still have a remaining loss of over \$9,000,000 of monies actually invested in NLS Entities. This figure does not include the surrender fees, interest, and the other losses investor victims sustained in moving money into NLS Entities.

4. The Receiver's investigation has identified persons and entities that are responsible for the losses sustained by NLS' investor victims. Working with the Attorney General's office, as well as the State Securities Board, the Receiver has determined that various agents that worked with NLS Entities violated securities laws by selling unregistered securities. These agents may also be liable for aiding and abetting or active participation in securities fraud in connection with the sale of NLS' investment program. In addition, these agents may also be liable for fraud and receipt of fraudulent transfers because the sales commissions, the early termination fees, and the administrative and maintenance fees the agents received were only received based upon the misrepresentation that a solvent investment trust existed; however, there was no such trust in place. These agents fraudulently induced the NLS investor victims to pay proceeds into the NLS investment program or to purchase unregistered securities based upon the misrepresentations prior to the transfer of funds. Pursuant to the *Temporary Restraining Order* and the *Temporary Injunction Order*, the Receiver has the authority to institute lawsuits to impose constructive trusts, obtain possession, and/or recover judgments with respect to persons or entities that are liable for damages sustained by NLS' investor victims. See Exhibit A.

5. Persons or entities who are liable for damages and losses sustained by NLS' investor victims may be liable to the Receiver as well as to the individual investor victims to whom they sold unregistered securities. Some claims against these third-parties may belong to the individual investor victims, as opposed to the Receiver. Moreover, investor victims may have sustained damages aside and apart from the amount that they invested and lost with NLS Entities. Accordingly, the Receiver may bring some claims for the benefit of NLS' investor victims, but she does not own and cannot bring all claims that are held by NLS' investor victims. For instance, the Receiver cannot bring claims that belong to the investor victims or seek recovery for damages in the form of mental anguish sustained by an investor victim. Furthermore, based on her prior experience as a receiver in bringing claims against third-parties, these claims are often defended on the basis that claims belong to, and can only be brought by, investor victims.

PARTIES

6. Janet Mortenson was appointed Temporary Receiver of the NLS Entities and of all money, property and assets of the NLS Entities by order of the 250th District Court of Travis County, Texas, on February 13, 2009. On February 26, 2009, the 250th District Court of Travis County, Texas entered an Order appointing Janet Mortenson as Permanent Receiver of the NLS Entities and of all money, property and assets of the NLS Entities and confirming the authority of Janet Mortenson as Permanent Receiver to, among other powers, bring suit in the name of, or on behalf of, investors and to exercise all equitable powers under the statutes and common law of Texas authorizing the appointment of a receiver. *See Exhibit A.* The Receiver also received authority under the Order entered by the Court on February 26, 2009, to file suit on behalf of the receivership estate for damages to the receivership estate because of claims by defrauded investors. *Id.*

7. Defendant Ramiro Amaya is an individual residing in Nueces County, Texas, and may be served with process at 7621 Lake Bolsena Drive, Corpus Christi, Texas 78413.

8. Defendant Byron Justice & Associates may be served with process by serving Byron Justice at 4714 Torrington Court, Sugarland, Fort Bend County, Texas 77479 or at 363 North Sam Houston Parkway East, Suite 1100, Houston, Harris County, Texas 77060.

9. Defendant 1st Jack Financial LLC is a limited liability company formed under the laws of the state of Texas and may be served with process by serving its registered agent, Humberto "Bert" Garza, Jr., at 4525 Winchester Lane, Robstown, Nueces County, Texas 78380 or at 719 South Shoreline, Suite 600, Corpus Christi, Nueces County, Texas 78401.

10. Defendant Future Income Link may be served with process by serving Anthony Ross at 363 North Sam Houston Parkway East, Suite 1100, Houston, Harris County, Texas 77060 or at 8934 Compton Street, Houston, Harris County, Texas 77016.

11. Defendant Humberto "Bert" Garza, Jr. is an individual residing in Nueces County, Texas, and may be served with process at 4526 Winchester Lane, Robstown, Texas 78380.

12. Defendant David J. Herzog is an individual residing in Williamson County, Texas, and may be served with process at 2833 Chatelle Drive, Round Rock, Williamson County, Texas 78681 or at 9442 Capital of Texas Highway North, Arboretum Plaza One, Suite 500, Austin, Travis County, Texas 78759.

13. Defendant IAM Financial, Inc. is a corporation formed under the laws of the state of Texas and may be served with process by serving its registered agent, David J. Herzog, 8700 Commerce Park Drive, Suite 112, Houston, Harris County, Texas 77036, or at 9442 Capital of Texas Highway North, Arboretum Plaza One, Suite 500, Austin, Travis County,

Texas 78759.

14. Defendant IAM Financial Services, Inc. is a corporation formed under the laws of the state of Texas and may be served with process by serving its registered agent, David J. Herzog, 8700 Commerce Park Drive, Suite 112, Houston, Harris County, Texas 77036.

15. Defendant Income for Life LLC, is a limited liability company formed under the laws of the state of Texas and may be served with process by serving its registered agent, Jo Ann Mills, 2343 Deermeadow Drive, Missouri City, Fort Bend County, Texas 77489.

16. Defendant Aaron Johnson is an individual residing in Fort Bend County, Texas, and may be served with process at 2911 Taylors Glen Court, Katy, Texas 77494.

17. Defendant Byron Justice is an individual residing in Fort Bend County, Texas, and may be served with process at 4714 Torrington Court, Sugarland, Fort Bend County, Texas 77479 or at 363 North Sam Houston Parkway East, Suite 1100, Houston, Harris County, Texas 77060.

18. Defendant Willie Otis Mills is an individual residing in Fort Bend County, Texas, and may be served with process at 2343 Deermeadow Drive, Missouri City, Fort Bend County, Texas 77489.

19. Defendant Pathfinder Financial, LLC is a limited liability company formed under the laws of the state of Wyoming and may be served with process by serving its registered agent, M. Jalie Meinecke, 1513 Beck Avenue, Cody, Park County, Wyoming 82414.

20. Defendant PT Local Corporation is a corporation formed under the laws of the state of Texas and may be served with process by serving its registered agent, Corporation Service Company d/b/a CSC Lawyers Incorporating Service Company, 211 East 7th Street, Suite 620, Austin, Travis County, Texas 78701.

21. Defendant Anthony Ross is an individual residing in Harris County, Texas, and may be served with process at 8934 Compton Street, Houston, Texas 77016 or at 363 North Sam Houston Parkway East, Suite 1100, Houston, Texas 77060.

22. Defendant Ronald Spomer is an individual residing in Park County, Wyoming, and may be served with process at 1825 Bleistein Avenue, Cody, Park County, Wyoming 82414.

VENUE AND JURISDICTION

23. Venue is proper in Travis County, Texas because the Court, in its Order on February 26, 2009, appointing Janet Mortenson as Permanent Receiver and granting a temporary injunction to preserve the assets of the NLS Entities for the benefit of those persons who had invested in the NLS Entities, ordered that “this Court shall have exclusive jurisdiction over all claims and causes of action against [the NLS Entities] arising from or related to the operation of [the NLS Entities] arising from or related to [the NLS Entities’] sale or offer for sale of securities.” *See* Exhibit A.

24. The Court has jurisdiction over the parties and causes of action because the Plaintiff’s damages are in excess of the jurisdictional minimum of this Court.

ALLEGATIONS

Count I

Violations of the Texas Securities Act and Securities Fraud

NLS Agents were selling unregistered securities.

25. Under the Securities Act, debentures, bonds, and notes are “securities” for which registration is required. Tex. Rev. Civ. Stat. art 581-4.A. Furthermore, the Securities Act, Tex. Rev. Civ. Stat. art 581-4.A, also defines the term “security” to include an “investment contract.” An investment contract exists if the following factors are present:

- (i) investment of money or property,
- (ii) in a common enterprise,
- (iii) with the expectation of profits, and
- (iv) profits are realized solely from the efforts of others.

S.E.C. v. W.J. Howey Co., 328 U.S. 293 (1946).

26. Under Texas law, an enterprise is common if there is “vertical commonality.” Vertical commonality exists when one or more investors join with a promoter to accomplish a common purpose, and the investors’ success is determined by and/or dependent upon the promoter’s success or ability. *S.E.C. v. Koscot Interplanetary, Inc.*, 497 F.2d 473 (5th Cir. 1974); *King Commodity Co. of Texas v. State*, 508 S.W.2d 439, 443 (Tex. Civ. App. – Dallas 1974, no writ). Investors placed their money in the hands of NLS, through the aid and active participation of NLS Agents who received money from investors for both the NLS 10% Secured Notes Program (a/k/a Life Settlement Program) and the Immediate Income Investment Plan (I3) Note and Fixed Income Agreement (collectively referred to herein as “NLS Notes Programs”), in order to profit from NLS’ purchase of life settlements or other investments. (The securities purchased through the NLS Notes Programs are referred to herein as “Notes.”) NLS Principals, Howard Glenn Judah, Jr. (“Judah”) and Gregory F. Jablonski (“Jablonski”), confirmed that it was their ability to look at, evaluate, and find the very best life settlement opportunities that would ensure the investors got their money back. The source of the money to repay investors was to be obtained from life settlements, the selection and purchase of which was decided entirely by NLS, without any assistance or input from investors. The fortunes of these investors depended solely and absolutely on NLS selection and purchase of life settlements.

27. The investors invested their money with the explicit understanding and expectation that NLS and its agents would invest those funds for them, making decisions for them that would result in profits from these investments.

28. Section 7.A(1) of the Texas Securities Act prohibits the sale or offer for sale of unregistered securities:

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 this Act, until after the issuer of such securities or a dealer registered under the provisions of this Act shall have been granted a permit by the Commissioner. . . .

29. NLS did not register its investment contracts as securities. Despite the fact that NLS Agents actively participated in soliciting investors, they likewise did not register as required by statute. NLS Agents are liable as sellers under the Texas Securities Act because they were links in the chain of the sale of NLS' securities.

30. Section 12 of the Securities Act requires that all persons selling or offering to sell securities in this State 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, offer for sale, sell or make a sale of any securities in this state without first being registered as in this Act provided. No agent shall, in behalf of any dealer, sell, offer for sale, or make sale of any securities within the state unless registered as an agent for that particular registered dealer under the provisions of this Act.

31. NLS Agents never registered as dealers or salesmen pursuant to Section 12 of the Securities Act even though all took active steps in offering these unregistered securities to the investor victims.

32. Tex. Rev. Civ. Stat. art. 581-33A(1) establishes liability for “a person who offers or sells” an unregistered security. Under Texas law, a person offers or sells securities if he or she is any link in the chain of the selling process. Tex. Rev. Civ. Stat. art. 581-33A(1) establishes liability for “a person who offers or sells a security . . . by means of an untrue statement of a material fact or an omission to state a material fact” if that person “was any link in the chain of the selling process.” *Lutheran Brotherhood v. Kidder Peabody & Co.*, 829 S.W.2d 300, 306 (Tex. App. — Texarkana 1992), writ granted, judgment vacated w.r.m. 840 S.W.2d 384 (Tex. 1992) citing *Brown v. Cole*, 291 S.W.2d 704 (1956). But for the NLS Agents’ efforts, NLS could not have successfully solicited investments from the investor victims. NLS Agents expected to be paid for their services through agent commissions and other fees. Thus, these defendants were “links in the chain of the selling process” for NLS’ unregistered securities and are, therefore, liable under Tex. Rev. Civ. Stat. art. 581-33A.

33. As sellers of securities within the meaning of the Texas Securities Act, the NLS Agents are liable for all misrepresentations, omissions and commissions, and acts of securities fraud committed by others in the chain of sale as set forth herein or made in connection with the sale of securities. Defendants are liable even if they did not know these misrepresentations or omissions were being made and/or did not know of the inaccuracy of the statements or the failure to disclose information.

34. Sections 4.F and 32 of the Securities Act provide sanctions for the use of fraud and fraudulent practices in connection with the offer for sale of securities. Section 4.F of the Securities Act defines fraud as follows:

The terms “fraud” or “fraudulent practice” shall include any misrepresentations, in any manner, of any 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.

35. The material misrepresentations made to investors and for which NLS Agents are liable include, but are not limited to:

- (1) Through their Secured Note Program, NLS Agents promised investors low-risk, guaranteed fixed returns.
- (2) Through their I3 Plan Program, NLS Agents promised investors low-risk, guaranteed fixed returns as well as periodic payments.
- (3) That they could move money out of their IRA, 401k, 403(b) or other retirement accounts to invest in the NLS Notes Programs without tax penalties.
- (4) That NLS received in excess of \$60 billion from the U.S. Government.
- (5) That the Notes were regulated by the Texas Department of Insurance.
- (6) That the Notes were guaranteed.
- (7) That the payment of all death benefits was guaranteed by state and federal governments.
- (8) That NLS had extensive experience in asset management managing more than \$10 billion in life settlements and funding hundreds of transactions each year.
- (9) That NLS was the largest provider of life settlements in the country and sold large portfolios of policies.
- (10) That NLS funded hundreds of transactions each year.
- (11) That NLS backed the Notes with policies having life expectancies of five years or less.
- (12) That NLS had in house compliance departments.
- (13) That the Notes were backed by financial institutions.
- (14) NLS used investor funds for purposes unrelated to the purposes for which NLS Agents solicited those investor funds, including NLS Principals own personal use and benefit and for the benefit of others.

(15) That NLS and NLS Principal Judah, Jr. were affiliated with Warren Buffet.

(16) That NLS Principal, Judah was the former head of Ford Motor Credit.

36. NLS Agents are also liable for failures to disclose material information to investors including, but not limited to, the following:

(1) NLS Agents intentionally failed to disclose the risks associated with the Notes Programs including failing to disclose NLS' inability to repay the Notes at the end of five years.

(2) NLS Agents intentionally failed to disclose that the funds the investor victims were investing were under the control of NLS and there was no investment trust in place.

(3) NLS Agents failed to disclose the criminal record of NLS Principal, Judah, who had been convicted of the following three felonies for which he served more than three years in a Federal penitentiary (from 1996-2000):

(a) On or about January 29, 1998, Judah was convicted of Conspiracy to Commit Wire Fraud in *United States of America v. Howard Glenn Judah*, Cause No. 1:97CR00051-001, in the U.S.D.C. 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, Judah was convicted of Engaging in Monetary Transactions In Property Derived from Specified Unlawful Activity in *United States of America v. Howard Judah*, Cause No. 1:94CR00448-0001, in the U.S.D.C. 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.

(c) On or about July 15, 1996, Judah was convicted of Contempt of Court in *United States of America v. Howard Glenn Judah*, Cause No. 1:95CR00815-001, in the U.S.D.C. 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.

- (4) NLS Agents failed to disclose that NLS Principal, Judah plead guilty to conspiracy, the goal of which was to “obtain millions of dollars, primarily in up-front fees, by fraudulently selling bogus and nonexistent bank documents, including ‘prime bank guarantees,’ to various individuals, trusts, and corporations, and to use the money so obtained for their personal use.”
- (5) NLS Agents intentionally failed to disclose that the corporation, MyE Networks, Inc., for which NLS Principal Jablonski was the President, CEO, Secretary, Director and one-third owner, filed for bankruptcy on June 20, 2007 with almost \$6,000,000.00 in liabilities and only \$57,652.00 in assets.

37. Investors reasonably relied on these misrepresentations and omissions of NLS Agents to their harm when they bought NLS’ investment contracts. These misrepresentations were the proximate cause of actual damages to the investor victims. Moreover, investors reasonably relied on numerous misrepresentations and omissions of NLS for which NLS Agents are liable.

38. As a result of their reliance on the misrepresentations and omissions of NLS Agents and NLS, the investor victims suffered foreseeable consequential damages consisting of lost principal, lost interest or other income, loss of retirement funds, children’s educational funds, and other investments, and loss of property.

39. Because of the conduct of NLS Agents and NLS in violating the Texas Securities Act and in committing securities fraud, NLS Agents injured the receivership estate by proximately causing claims for damages that defrauded investors have against the receivership estate. The Receiver brings suit against Defendants to the extent their actions damaged the receivership estate in the amount of the total allowable claims defrauded investors have against the receivership estate.

Count II
Aiding and Abetting in the Sale of Unregistered Securities

40. NLS Agents aided NLS in the sale of securities by means of the misrepresentations and omissions as set forth above in Count I and are thus liable under Tex. Rev. Civ. Stat. art. 581-33A(2) and under Tex. Rev. Civ. Stat. art. 581-33F(2) as an aider and abettor in the sale of securities.

41. Tex. Rev. Civ. Stat. art. 581-33F(2) states as follows:

A person who directly or indirectly with intent to deceive or defraud or with reckless disregard for the truth or the law materially aids a seller, buyer, or issuer of a security is liable under Section 33A, 33B, or 33C jointly and severally with the seller, buyer, or issuer, and to the same extent as if he were the seller, buyer, or issuer.

42. Some of the Defendants vouched for the safety of investments in NLS' Notes Programs.

43. NLS Agents represented to investors and potential investors that NLS possessed sufficient assets that NLS Agents had not verified. NLS Agents also represented that the Notes were risk-free and guaranteed income, which was false. NLS Agents falsely represented that the Notes purchased by the investor victims were regulated by the Texas Department of Insurance and that the payment of all death benefits was guaranteed by state and federal governments. NLS Agents also represented to investors and potential investors that NLS was the largest provider of life settlements in the country and sold large portfolios of policies – statements that NLS Agents had not verified. NLS Agents falsely represented to investors and potential investors that they could move money from their IRA, 401k, 403 (b) or other retirement accounts without tax penalties.

44. NLS Agents materially aided NLS in its sale of securities by use of misrepresentations and omissions. NLS Agents are, therefore, jointly and severally liable with NLS for the sale of securities. Those representations and omissions were intentional because they were made with knowledge of their falsity or made recklessly without any knowledge of the truth and for the purpose of causing injury to the investors. These misrepresentations thus constituted conduct for which punitive damages are recoverable. These misrepresentations and omissions in selling unregistered securities were a proximate cause of actual damages to the receivership estate and actual damages suffered by the investor victims, as well as significant expenses, including attorneys' fees and other damages suffered as a result of the NLS Agents aiding and abetting in the sale of unregistered securities. The Receiver hereby brings suit against NLS Agents for the amount of those damages.

Count III
Conspiracy to Commit Fraud

45. NLS Agents entered into an agreement with NLS Entities to defraud the investor victims. The conspiracy started sometime in November 2006 and continued at least until mid-February 2009, when NLS Entities were put in receivership. NLS Entities, with the help and agreement of NLS Agents, engaged in a general scheme to defraud the investor victims and others by making false and misleading statements to investors and others, knowing the statements that were made were false. NLS Agents engaged in affirmative acts to further the goals of the conspiracy. NLS Agents, therefore, are jointly and severally liable for all losses that were proximately caused by any member of the conspiracy as well as losses incurred after NLS Agents left the conspiracy — assuming that such a withdrawal from the conspiracy actually occurred. NLS Agents are liable for the actions of other conspirators regardless of whether NLS Agents were aware of those actions or not, provided those actions

were taken in furtherance of the purpose of the conspiracy.

46. NLS Agents' participation in this conspiracy to defraud the investors was the proximate cause of damages, including punitive damages, to the investor victims, including attorneys' fees, and expenses both to the investor victims and to the receivership estate. NLS Agents are thus jointly and severally liable for all the damages suffered by all the investor victims and the receivership estate that were proximately caused by NLS' schemes, without regard to whether NLS Agents participated in all aspects of the conspiracy with regard to every plaintiff in the case.

**Count IV
Punitive Damages**

47. NLS Agents demonstrated willingness to participate actively with NLS in the sale of unregistered securities and commit fraud and securities fraud by making material misrepresentations and omissions, aiding and abetting in such actions, and conspiracy to commit fraud, makes an award of punitive damages appropriate.

**Count VIII
Recovery of Attorneys' Fees**

48. Plaintiff may recover attorneys' fees and costs under Tex. Rev. Civ. Stat. art. 581-33D(6) and (7) for claims asserted under the Texas Securities Act for the sale of unregistered securities and for aiding in the sale of unregistered securities.

49. The Receiver has retained the law firm of Sedgwick, Detert, Moran & Arnold, L.L.P. to represent her in this cause of action and has agreed to pay reasonable and necessary attorneys' fees. An award of reasonable and necessary attorneys' fees, costs and expenses to the Receiver is authorized by Tex. Civ. Prac. & Rem. Code §§37.009 and 38.001, and would be equitable and just.

50. The Receiver seeks her reasonable and necessary attorneys' fees, costs, and expenses resulting from this lawsuit, the filing of which was necessitated by the violation of the Texas Securities Act by all Defendants and by Defendants' aiding in and conspiracy to commit fraud and securities fraud.

PRAYER

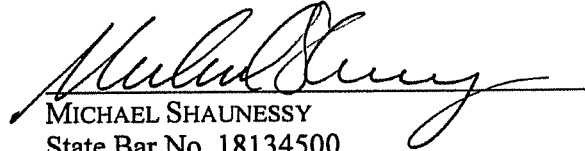
WHEREFORE, Plaintiff requests that NLS Agents be cited to appear and answer, and that on final hearing, Plaintiff have judgment as follows:

1. Against NLS Agents for general and special damages in an amount in excess of the jurisdictional limits of this Court for violations of the Texas Securities Act and for aiding violations of the Texas Securities Act;
2. Against NLS Agents for general and special damages in an amount in excess of the jurisdictional limits of this Court for aiding in fraud and securities fraud to the plaintiffs;
3. Against NLS Agents for general and special damages in an amount in excess of the jurisdictional limits of this Court for conspiring to commit fraud;
4. Imposition of a constructive trust for the benefit of the plaintiffs on all income and property received by NLS Agents as a result of their tortious conduct;
5. Exemplary damages against NLS Agents for their tortious acts;
6. Reasonable and necessary attorneys' fees, costs and expenses of suit;
7. Prejudgment and post-judgment interest to the maximum extent allowed by law; and,
8. All such other and further relief, at law and in equity, to which Receiver may be justly entitled.

Respectfully submitted,

SEDGWICK, DETERT, MORAN & ARNOLD, L.L.P.
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Austin, Texas 78701
512/481-8400 (telephone)
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By:



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State Bar No. 18134500
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Attorneys for Janet Mortenson, Permanent Receiver

Exhibit A

LLC, A TEXAS LIMITED LIABILITY COMPANY (NATT); HOWARD GLENN JUDAH, JR. (Judah); and GREGORY F. JABLONSKI (Jablonski) (each a "Defendant" and collectively, the "Defendants"); their agents, officers, servants, employees, representatives, attorneys and any other party in active concert with or participation with them who receives actual notice of the order by personal service or otherwise; and Sterling Bancshares, Inc. aka Sterling Bank (Sterling); Capital One Bank (USA), N.A. (Capital One); and SLSF Escrow Services, LLC (SLSF) as Relief Defendants only (each a "Relief Defendant" and collectively, the "Relief Defendants").

The Petition further requested the Court appoint Janet Mortenson (Mortenson) as Temporary Receiver for Defendants NLS-Texas and NATT without notice and hearing; and after notice and hearing, appoint Mortenson as Receiver for Defendants NLS-Texas NATT and NLS-Colorado.

The Court issued the Temporary Restraining Order and Order Appointing Temporary Receiver of Defendants NLS-Texas and on February 13, 2009 (TRO), which is still in full force and effect.

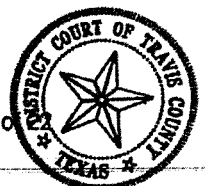
This order shall take effect and remain in effect until a final judgment is entered in this case, subject however to further orders of this Court prior thereto.

It appears to the Court that this is an action by the State of Texas through its Attorney General, Greg Abbott, under the authority granted by the Constitution and the laws of the State of Texas, and at the request of the Securities Commissioner of Texas, Denise Voigt Crawford. It appears that this Court has jurisdiction over all parties and subject matter. The Court, after considering the evidence presented and arguments of counsel, is of the opinion and so finds that a sufficient showing has been made that



there exists a present necessity for entry of a temporary order enjoining the Defendants, their officers, directors, employees, agents and representatives from violating the Securities Act of Texas, TEX. REV. CIV. STAT. Art. 581-1 *et. seq.*, in connection with the sale and offer for sale of securities. Further, the Court is of the opinion that Defendants, their officers, directors, agents, employees and representatives should be enjoined from wasting, withdrawing, concealing, or disposing of any books, records, or assets relating to Defendants' business of selling securities and offering securities for sale. Further, the Court is of the opinion that, pending further orders of the Court, Defendants, their officers, directors, agents, employees and representatives should be enjoined from contacting via telephone, electronic mail, or other written correspondence, or otherwise communicating, in any way, with any investor or customer of National Life Settlements, LLC, a Texas Limited Liability Company, NATT, LLC, a Texas Limited Liability Company, or National Life Settlements, LLC, a Colorado Limited Liability Company without prior written approval from the Receiver appointed herein.

It appears to the Court that it is necessary to appoint a receiver to take sole control and possession of, and to manage the company, money, property, and assets of the following entities: National Life Settlements, LLC, a Texas Limited Liability Company, NATT, LLC, a Texas Limited Liability Company, and National Life Settlements, LLC, a Colorado Limited Liability Company, all money, property, and assets of Defendants containing or derived from proceeds of Defendants' sale of securities or used in furtherance thereof.



FINDINGS

In support of its determination, the Court makes the following findings:

1. The Court has jurisdiction over the parties and the subject matter herein and Plaintiff is entitled to a Temporary Injunction and Order Appointing Permanent Receiver as granted herein.
2. The State of Texas has a probable right and will probably prevail upon final hearing of this action.
3. There is no adequate remedy at law.
4. Defendants are in violation of the Securities Act by selling unregistered securities to the public, selling securities through unregistered securities dealers, salesmen, and agents, and committing fraud and fraudulent practices in connection with the sale of securities, and unless temporarily enjoined, the Defendants will continue to commit violations of the law of the State of Texas, all contrary to the best interests of the general public and of the State of Texas.
5. Defendants have acted as a dealer, salesman, or issuer, or as an affiliate of a dealer, salesman, or issuer, and Defendants have engaged in acts, transactions, practices, or courses of business declared to be fraudulent practices by Section 32 of the Securities Act and have acted as a dealer, salesman, or issuer or an affiliate of a dealer, salesman, or issuer in connection with such fraudulent practices.
6. Immediate and irreparable injury, loss, and damage will result to the present investors and future investors who have purchased and will purchase securities from Defendants, and to the general public, unless Defendants are enjoined from promoting, issuing, selling, offering for sale, negotiating for sale, advertising, soliciting, dealing in or distributing any security or securities without complying with the registration provisions of the Securities Act, and from committing fraud and fraudulent practices in the sale and offer for sale of securities.
7. Defendants, their officers, agents, servants, employees, and attorneys should be enjoined from wasting, concealing or disposing of any books, records, property or assets of National Life Settlements, LLC, a Texas Limited Liability Company, NATT, LLC, a Texas Limited Liability Company, and National Life Settlements, LLC, a Colorado Limited Liability Company, and property or assets of Defendants containing or derived from proceeds of Defendants' sale of securities or used in furtherance thereof.



8. A receiver is needed to conserve and manage the property and assets of and to conduct the affairs of National Life Settlements, LLC, a Texas Limited Liability Company, NATT, LLC, a Texas Limited Liability Company, and National Life Settlements, LLC, a Colorado Limited Liability Company, and all money, property, and assets of Defendants; to prevent the wasting of assets containing or derived from proceeds of Defendants' sale of securities or used in furtherance thereof, for the benefit of the investors should restitution and disgorgement be granted in this case under §32 of the Securities Act; and to preserve the status quo. Unless a receiver is appointed, the property and assets of Defendants will be dissipated, wasted, and secreted to the irreparable and immediate injury to the investors.
9. The Court may appoint a receiver pursuant to Section 25-1 of the Securities Act.
10. Defendants have been properly served, by personal service, with the Petition and the TRO.

It is therefore ORDERED that the 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; their officers, directors, principals, partners, joint venturers, employees, salesmen, agents, attorneys, representatives, and others acting in concert with any of the Defendants who receive actual notice of the Court's order by personal service, facsimile transmission, or otherwise, are hereby COMMANDED and ORDERED as follows:

ORDER ENJOINING DEFENDANTS AND THOSE RELATED THERETO

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; HOWARD GLENN JUDAH, JR.; and GREGORY F. JABLONSKI; their officers, directors, principals, partners, joint venturers, employees, salesmen, agents, attorneys, representatives, and others acting in concert with any of the Defendants who receive actual notice of the Court's order by personal service, facsimile transmission, or otherwise;



1. **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;
2. **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;
3. **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;
4. **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;
5. **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;



6. **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;
7. **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.
8. **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.
9. **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.

ORDER APPOINTING RECEIVER

It is FURTHER ORDERED, ADJUDGED, and DECREED by this Court that Janet Mortenson (sometimes called the "Receiver" in this Order), is authorized to serve as Permanent Receiver of National Life Settlements, LLC, a Texas Limited Liability Company, NATT, LLC, a Texas Limited Liability Company and National Life Settlements, LLC, a Colorado Limited Liability Company. Janet Mortenson is further authorized to serve as Permanent Receiver of all money, property, and assets of National Life Settlements, LLC, Texas Limited Liability Company, NATT, LLC, a Texas Limited Liability Company, and National Life Settlements, LLC, a Colorado Limited Liability Company, as well as all money, property, and assets of Defendants, Howard



Glenn Judah, Jr., and Gregory F. Jablonski aka Gregory F. Joblonski as appear to the Receiver to contain or be derived from proceeds of Defendants' sale of securities or used in furtherance thereof (collectively "Receivership Estate" or "Estate"). The primary obligations of the Receiver, which will guide her in using her discretion, are:

1. To notify investor-victims of these proceedings;
2. To locate, seize, take sole control, and preserve all money, property, and assets of National Life Settlements, LLC, a Texas Limited Liability Company and NATT, LLC, a Texas Limited Liability Company derived from proceeds of Defendants' sale of securities;
3. To discover what money has been sent to Defendants, in what amounts, when, and under what terms;
4. To effect fair restitution if possible, from assets under control of the Receiver, according to a plan to be approved by the Court after a diligent investigation has been made into the identity of investor-victims, the amounts they paid to Defendants, any amounts already paid by Defendants to the investor-victims, and the circumstances under their dealings with Defendants arose;
5. To assist the State Securities Board, the Attorney General and/or law enforcement entities in their investigation of Defendants' violations of the Securities Act to the extent not inconsistent with the other terms of this order and/or the best interests of the receivership estate and the investor- victims; and
6. To keep receivership expenses as low as possible consistent with an accurate and efficient administration of the receivership estate.

Janet Mortenson is thus **HEREBY APPOINTED** as Permanent Receiver for National Life Settlements, LLC, a Texas Limited Liability Company, NATT, LLC, a Texas Limited Liability Company, and National Life Settlements, LLC, a Colorado Limited Liability Company with the full power of an equity receiver under common law as well as such powers as are enumerated in this Order. Janet Mortenson is further appointed as Permanent Receiver of all money, property, and assets of National Life Settlements, LLC, a Texas Limited Liability Company, NATT, LLC, a Texas Limited Liability



Company, and National Life Settlements, LLC, a Colorado Limited Liability Company, as well as all money, property, and assets of Defendants Howard Glenn Judah, Jr., and Gregory F. Jablonski, aka Gregory F. Joblonski as appear to the Receiver to contain or be derived from proceeds of Defendants' sale of securities or used in furtherance thereof. Except for an act of willful malfeasance or gross negligence, the Receiver shall not be liable for any loss or damage incurred by the Receivership Estate, or any of Defendants, the Defendants' clients or associates, or their subsidiaries or affiliates, their officers, directors, agents, and employees, or by any of Defendants' creditors or equity holders because of any act performed or not performed by her or her agents or assigns in connection with the discharge of her duties and responsibilities hereunder. Janet Mortenson is DIRECTED AND EMPOWERED as Receiver to exercise the following powers in her sole discretion, either personally or through a designated agent, in pursuit of the obligations set out above:

1. To take possession and full and sole legal control of all funds, property, real, personal or mixed, 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:
 - (a) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *National Life Settlements, LLC*, Account No. 5000182103, whereby Howard Judah, Gregory Jablonski, and Emily Dianne Huber are named as authorized signatories;
 - (b) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *National Life Settlements, LLC*, Account No. 131018434, whereby Howard G. Judah, Erica M. Judah and Gregory Francis Jablonski are named as authorized signatories;
 - (c) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *Cathedral Mountain Trust*, Account No. 5000351355, whereby Gregory Francis Jablonski, Trustee, Stephen G. Jablonski Trustee, and



Thomas Martin McLaughlin, Trustee, are named as authorized signatories;

- (d) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *Cathedral Mountain Trust*, Account No. 5000351398, whereby Gregory Francis Jablonski, Trustee, Stephen G. Jablonski Trustee, and Thomas Martin McLaughlin, Trustee, are named as authorized signatories;
- (e) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *Howard G. Judah dba Owl Mortgage*, Account No. 311004573, whereby Howard G. Judah and Janet E. Judah are named as authorized signatories;
- (f) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *Preservation Capital LLC*, Account No. 5000263715, whereby Gregory Francis Jablonski and Howard G. Judah are named as authorized signatories;
- (g) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *TomTrot Trust* (and/or "*TomTrott*"), Account No. 5000263413, whereby Howard G. Judah, Trustee, is named as the authorized signatory;
- (h) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *PRS Investments, LLC*, Account No. 5000238982, whereby John A. Carroll and Howard G. Judah are named as authorized signatories,
- (i) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *JCJ and Associates, LLC*, Account No. 5000131991, whereby Gregory Francis Jablonski and Stephen G. Jablonski are named as authorized signatories;
- (j) An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *NATT, LLC*, Account No. 5000194934, with Erica M. Judah is an authorized signatory;
- (k) An account maintained at Capital One Bank, N.A., styled *NATT, LLC*, Account No. 3830636284, with unknown signatories;
- (l) An account maintained at Capital One Bank, N.A., styled *NATT, LLC*, Account No. 3820506811, with Howard Judah and Gregory Jablonski as authorized signatories;
- (m) An account maintained at Capital One Bank, N.A., styled *National Life Settlements, LLC*, Account No. 3820298518, with Howard G. Judah, Gregory Jablonski and Emily Huber as authorized signatories;



- (n) An account maintained at Capital One Bank, N.A., styled *Shooters Challenge, LLC*, Account No. 3820597175, with unknown authorized signatories;
 - (o) Any accounts, including any escrow accounts, maintained at SLSF Escrow Services, LLC; and
 - (p) 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; and
 - (q) Any recognized legal privilege owned or held by National Life Settlements, LLC, a Texas Limited Liability Company, NATT, LLC, a Texas Limited Liability Company, or National Life Settlements, LLC, a Colorado Limited Liability Company.
2. To take possession of, full legal title to, and sole ownership and control of any and all rights, powers, and interests in, pursuant to, or in connection with any trust, beneficial interest, insurance policy, contract, assignment, or related instrument owned or held by National Life Settlements LLC, a Texas Limited Liability Company, National Life Settlements, LLC, a Colorado Limited Liability Company, or NATT, LLC, a Texas Limited Liability Company.
 2. 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;
 3. 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"), including changing locks and terminating or changing the names of accounts for utilities, cable, satellite, or telephone service at the Premises. 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 is empowered to take into her possession any records, including computers or other devices potentially containing electronic records, that she believes might be records of the Defendants and to retain possession of those records until such time as she can determine they are not records of the Defendants but of some non-affiliated entity. After determining that records in fact belong to a non-affiliated entity, the Receiver will return those records, but shall have the right to copy any portion of those records that contains information related to the Defendants. 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;

4. To enter, occupy and 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 ("the House"), including changing locks and security codes terminating or changing the names of accounts for utilities, cable, satellite, or telephone service at the House, and listing and selling the House under such terms and conditions as she in her sole discretion may determine;
5. 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, Defendant NATT, LLC, a Texas Limited Liability Company, and Defendant National Life Settlements, LLC, a Colorado Limited Liability Company;
6. To receive, collect and open all mail directed to National Life Settlements, LLC, a Texas Limited Liability Company, NATT, a Texas Limited Liability Company and National Life Settlements, LLC, a Colorado Limited Liability Company, 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;
7. To 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.
8. To negotiate, transfer, or redeem any certificate, contract, instrument or security held by or in the name of Defendants;
9. To dismiss employees, contractors, consultants, attorneys, agents or assistants of National Life Settlements, LLC, a Texas Limited Liability Company, NATT, a Texas Limited Liability Company, or National Life Settlements, LLC, a Colorado Limited Liability Company, or to change the terms of employment or engagement



with any of them, or to hire 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;

10. 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, to any trust related in any way to National Life Settlements LLC, a Texas Limited Liability Company, NATT, a Texas Limited Liability Company, or National Life Settlements, LLC, a Colorado Limited Liability Company, or to any trust related in any way to any securities issued, offered or sold by Defendants;
11. To file, prosecute, compromise, adjust, intervene in, become a party to, or defend any suit or suits in any state, federal, or foreign courts or forums 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 creditors of Defendants, or other claimants who are not investor-victims, as determined in the sole discretion of the Receiver;
12. To institute such actions or proceeding to impose a constructive trust, obtain possession, and/or recover judgment with respect to persons or entities who received assets or records traceable to the Receivership Estate. Unless otherwise authorized by this Court, all such actions shall be filed in this Court.
12. To dispose, for the benefit of investor-victims, of real and personal property of Defendants, if that property is determined by the Receiver to have been obtained or derived from the unlawful sale of securities;
13. To open accounts and transfer money from one 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;
14. 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 receivership estate;
15. To delegate to agents the authority to exercise any of the powers conferred on the Receiver by this order;
16. 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;

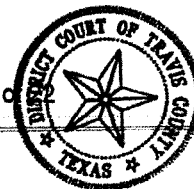


17. To file an accounting and a final report when she has concluded her duties under this Order; and
18. To exercise all equitable powers under the statutes and common law of this State authorizing the appointment of a Receiver.

The Receiver is further ORDERED to retain, and not deposit, any non-negotiated checks she seizes or receives from individuals or entities who appear to be investor-victims of Defendants.

The Receiver is further ORDERED to refrain from paying any Defendant's personal expenses or living expenses except as may be specifically ordered by the court.

The Court further ORDERS that the Receiver shall be paid for her services at her customary hourly rate, currently \$350.00, plus reasonable expenses. If the Receiver adjusts her customary hourly rate, she shall file a notice of that adjustment with the Court and she shall be paid at the adjusted rate, commencing at the beginning of the next month, unless the Court orders otherwise. The Receiver shall file invoices for her fees with the Court and serve copies on all parties of record. If no party of record files an objection with the Court within ten days of the filing of an invoice, then the Receiver shall pay herself from funds of the receivership estate. If a party files an objection, the objection must state with specificity the particular items of the Receiver's invoice to which an objection is made and the objecting party must obtain a hearing within ten days of filing the objection. If an objection is filed within ten days, the Receiver shall not pay herself the contested portion of the invoice until a hearing has been held on the objection and a ruling has been issued. If no hearing is obtained within ten days of the filing of an objection, the Receiver may pay herself the full amount of her invoice.



It is further ORDERED, that this Court has exclusive jurisdiction over all claims and causes of action against Defendants and others who assisted or aided Defendants in the operation of National Life Settlements, LLC, a Texas Limited Liability Company, NATT, LLC, a Texas Limited Liability Company, or National Life Settlements, LLC, a Colorado Limited Liability Company, or Defendants' sale or offer for sale of securities, and over all matters involving the Receiver and the Receivership.

ORDER TO RELIEF DEFENDANTS AND FINANCIAL INSTITUTIONS

It is further ORDERED, to the extent this has not already been done in compliance with the TRO, the State of Texas shall notify the following financial institutions, depositories or recipients of investor funds of the entry of this Temporary Injunction Order and Order Appointing Permanent Receiver, in that accounts identified herein contain the proceeds from the unlawful and fraudulent scheme described herein:

- A. An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *National Life Settlements, LLC*, Account No. 5000182103, whereby Howard Judah, Gregory Jablonski, and Emily Dianne Huber are named as authorized signatories;
- B. An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *National Life Settlements, LLC*, Account No. 131018434, whereby Howard G. Judah, Erica M. Judah and Gregory Francis Jablonski are named as authorized signatories;
- C. An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *Cathedral Mountain Trust*, Account No. 5000351355, whereby Gregory Francis Jablonski, Trustee, Stephen G. Jablonski Trustee, and Thomas Martin McLaughlin, Trustee, are named as authorized signatories;
- D. An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *Cathedral Mountain Trust*, Account No. 5000351398, whereby Gregory Francis Jablonski, Trustee, Stephen G. Jablonski Trustee, and Thomas Martin McLaughlin, Trustee, are named as authorized signatories;



- E. An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *Howard G. Judah dba Owl Mortgage*, Account No. 311004573, whereby Howard G. Judah and Janet E. Judah are named as authorized signatories;
- F. An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *Preservation Capital LLC*, Account No. 5000263715, whereby Gregory Francis Jablonski and Howard G. Judah are named as authorized signatories;
- G. An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *TomTrot Trust (and/or "TomTrot")*, Account No. 5000263413, whereby Howard G. Judah, Trustee, is named as the authorized signatory;
- H. An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *PRS Investments, LLC*, Account No. 5000238982, whereby John A. Carroll and Howard G. Judah are named as authorized signatories,
- I. An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *JCJ and Associates, LLC*, Account No. 5000131991, whereby Gregory Francis Jablonski and Stephen G. Jablonski are named as authorized signatories;
- J. An account maintained at Sterling Bancshares, Inc. aka Sterling Bank styled *NATT, LLC*, Account No. 5000194934, with Erica M. Judah is an authorized signatory;
- K. An account maintained at Capital One Bank, N.A., styled *NATT, LLC*, Account No. 3830636284, with unknown signatories;
- L. An account maintained at Capital One Bank, N.A., styled *NATT, LLC*, Account No. 3820506811, with Howard Judah and Gregory Jablonski as authorized signatories;
- M. An account maintained at Capital One Bank, N.A., styled *National Life Settlements, LLC*, Account No. 3820298518, with Howard G. Judah, Gregory Jablonski and Emily Huber as authorized signatories;
- N. An account maintained at Capital One Bank, N.A., styled *Shooters Challenge, LLC*, Account No. 3820597175, with unknown authorized signatories;
- O. Any accounts, including any escrow accounts, maintained at SLSF Escrow Services, LLC; and



- P. 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.

The Court hereby orders that any financial or brokerage institution, escrow agent, title company, storage facility, commodity trading company, depository, recipient, business entity or person (1) holding money in the name and/or for the benefit 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, or National Life Settlements, LLC, a Colorado Limited Liability Company; (2) maintaining custody or control of any account or other asset derived from Defendants' fraud, or (3) maintaining custody or control of any corporation, partnership, or other entity directly or indirectly owned, managed, controlled by, or under common control with any of Defendants; and which received actual notice of this Order by personal service, facsimile, or otherwise, shall:

1. Hold and retain within its control and prohibit the withdrawal, removal, assignment, transfer, pledge, hypothecation, encumbrance, disbursement, dissipation, conversion, sale, or other disposal of any assets, funds, or other property of Defendants, under the control of Defendants, or on behalf of Defendants, in whole or in part, except in accordance with the Receiver's written instructions or any further order of the Court;

2. Deny, to anyone other than the Receiver or her authorized agent, access to any safe deposit boxes or storage facilities that are either titled in the name, individually or jointly, of 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, Howard Glenn Judah, Jr., Gregory F. Jablonski aka Gregory F. Joblonski, or are otherwise subject to access by any of them;

3. Within fifteen (15) business days of the date of service of this Order, deliver to the Receiver appointed herein, Janet Mortenson, or her designated agents, by facsimile at (713) 610-3892 and the account holder a notarized statement, made under oath, setting forth:



- A. The identification of each account or asset titled in the name, individually or jointly, of Defendants, held on behalf of Defendants, or for the benefit of Defendants; and
- B. The balance of each such account, or a description and appraisal of the value of such asset, by closing time of the business day when notice of this Order was served; and if the account is closed or the asset has been removed, identify the date closed or removed, the total funds removed in order to close the account, and the name of the person or entity to whom such account or asset was remitted;
- C. The identification of any safe deposit box or storage facility that is either titled in the name individually or jointly of Defendants or otherwise subject to access or control by any of the Defendants; and
- D. Allow the Receiver appointed herein immediate access to inspect and copy any records or other documentation pertaining to such account or asset, including but not limited to originals or copies of account applications, account statements, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit and credit instruments or slips, currency transaction reports, 1099 forms, and safe deposit box logs. Any such financial institution, account custodian, or other aforementioned entity may arrange for the Receiver to obtain copies of any such records which the Receiver seeks, provided that such institution or custodian may charge a reasonable fee for such copies, which fee shall be paid from the receivership estate.

4. Within 24 hours of receiving this Order, deliver to the Receiver or her designated agents, by facsimile at (713) 610-3892 a list of all transactions in the accounts, for the preceding two months, including but not limited to withdrawals, wire transfers, deposits, or other charges and offsets.

MANDATORY TURN-OVER ORDER

**TO: NATIONAL LIFE SETTLEMENTS, LLC, A TEXAS LLC
NATIONAL LIFE SETTLEMENTS, LLC, A COLORADO LLC
NATT, LLC, A TEXAS LLC
HOWARD GLENN JUDAH, JR.
GREGORY F. JABLONSKI AKA GREGORY F. JOBLONSKI**

**TO THE EXTENT YOU HAVE NOT DONE SO IN COMPLIANCE WITH THE
TEMPORARY RESTRAINING ORDER, AND TO THE EXTENT OF ANY OF THE**



FOLLOWING ITEMS ARE WITHIN YOUR CUSTODY, CAR OR CONTROL, YOU AND EACH OF YOU AR ORDERED TO PERFORM THE FOLLOWING ACTS:

A. Immediately place in the possession of the Receiver appointed herein, Janet Mortenson, or one or more of her designated agents for the purpose of this turnover, all of the books, records, documents and other records, whether written, graphic, photographed, magnetically recorded, electronically recorded, generated by computer, or stored in a computer or other device, including said computer or other device, pertaining to National Life Settlements, LLC, a Texas Limited Liability Company, NATT, LLC, a Texas Limited Liability Company, and National Life Settlements, LLC, a Colorado Limited Liability Company;

B. Immediately place in the possession of the Receiver appointed herein, Janet Mortenson, or one or more of her designated agents for the purpose of this turnover, all cash, checks, money orders, notes receivables, or the like, of or pertaining to National Life Settlements, LLC, a Texas Limited Liability Company, NATT, LLC, a Texas Limited Liability Company and National Life Settlements, LLC, a Colorado Limited Liability Company; and

C. Immediately place in possession of the Receiver appointed herein, Janet Mortenson, or one of more of her designated agents for the purpose of this turnover, all assets derived from the operation of National Life Settlements, LLC, a Texas Limited Liability Company, NATT, LLC, a Texas Limited Liability Company, and National Life Settlements, LLC, a Colorado Limited Liability Company except for assets in the possession of third parties, of which you are to immediately report the exact location and name of the custodian of the assets to the Receiver or her designated agents;

D. Repatriate to an account under the sole control of the Receiver any funds, documents, and assets located outside the State of Texas, held either by any Defendant or his agents, for any Defendant's benefit, or held under any Defendant's direct or indirect control, individually or jointly, and immediately notify the Receiver of the institution and account in which any repatriated funds are located;

E. Provide to the Receiver a list of all investors in investment programs offered and sold by National Life Settlements, LLC, a Texas Limited Liability Company, NATT, LLC, a Texas Limited Liability Company, or National Life Settlements, LLC, a Colorado Limited Liability Company, including addresses and phone numbers;

F. Upon request of the Receiver or her designated agents, provide the Receiver with a full accounting of all funds, documents and assets outside the State of Texas held either by Defendants; for Defendants' benefit; or under Defendants' direct or indirect control, individually or jointly;

G. Prevent any transfer, disposition, or dissipation whatsoever of any documents, assets or funds controlled by the Defendants, either directly or indirectly;



H. Provide the Receiver or her designated agents access to Defendants' records and documents held by financial institutions outside the State of Texas.

I. By 12:00 noon on February 23, 2009, provide to the Receiver a list of all vehicles owned by the Defendants, including the make, model, year, Vehicle Identification Number, state of registration, owner named on the title to the vehicle, and the name and address of the insurance carrier on each vehicle.

J. By 12:00 noon on February 23, 2009, provide to the Receiver a list of all insurance policies owned by the Defendants or any person or entity under the Defendants' ownership or control.

DIRECTION TO UNITED STATES POSTAL SERVICE

TO: ALL POSTMASTERS AND OTHER OFFICERS OR EMPLOYEES OF THE UNITED STATES POSTAL SERVICE

YOU AND EACH OF YOU are hereby DIRECTED to cooperate with the Receiver appointed herein, Janet Mortenson or her designated agents, in connection with the delivery and forwarding of any and all mail addressed to National Life Settlements, LLC, a Texas Limited Liability Company, NATT, LLC, a Texas Limited Liability Company, or National Life Settlements, LLC, a Colorado Limited Liability Company in order to effectuate the terms and purposes of this Order.

DIRECTION TO LANDLORDS AND LEASING AGENTS

TO: LANDLORDS AND LEASING AGENTS OF PREMISES LEASED OR OCCUPIED BY NATIONAL LIFE SETTLEMENTS, LLC, a Texas Limited Liability Company, NATT, LLC, a Texas Limited Liability Company, or National Life Settlements, LLC, a Colorado Limited Liability Company, YOU AND EACH OF YOU ARE HEREBY DIRECTED AND AUTHORIZED TO:

YOU AND EACH OF YOU are hereby DIRECTED to deliver to the Receiver appointed herein, Janet Mortenson, or one or more of her designated agents for the purpose of this order, the following: all mail, parcels, or other deliveries addressed to National Life Settlements, LLC, a Texas Limited Liability Company, at 14614 Falling



Creek, Suite 260, Houston, Texas 77068, NATT, LLC, a Texas Limited Liability Company, at 14614 Falling Creek, Suite 260, Houston 77068, or National Life Settlements, LLC, a Colorado Limited Liability Company.

ORDER AUTHORIZING SERVICE PURSUANT TO RULE 103

The Court hereby authorizes any person not less than eighteen years of age, who is not a party to or interested in the outcome of this suit, to serve citation and writ of injunction on any Defendant named herein.

OTHER ORDERS

It is ORDERED that this Court shall have exclusive jurisdiction over all claims and causes of action against Defendants arising from or related to the operation of National Life Settlements, LLC, a Texas Limited Liability Company, NATT, LLC, a Texas Limited Liability Company, or National Life Settlements, LLC, a Colorado Limited Liability Company arising from or related to Defendants' sale or offer for sale of securities.

It is further ORDERED that no bond is required of the State of Texas and this Temporary Injunction Order and Order Appointing Permanent Receiver shall issue and be effective immediately.

It is further ORDERED that the existing Temporary Restraining Order is dissolved by virtue of this Temporary Injunction Order upon the entry of this Temporary Injunction Order and Order Appointing Permanent Receiver, and this Temporary Injunction Order is likewise effective immediately upon its entry, all without any lapse or intervening period and without the necessity of a bond, and the Order Regarding Receiver set out herein is effective immediately upon entry, the Court finding the \$100



posted as cash in lieu of bond is sufficient for the purposes of the Order Regarding Receiver set out as part of this Temporary Injunction Order and Order Appointing Permanent Receiver.

It is further ORDERED that Plaintiff's Application for a Permanent Injunction is set for hearing on the 28th day of April, 2009, at 2:00 o'clock P.M. and this Temporary Injunction Order shall continue in effect until further order of this Court or an appellate court.

All of the foregoing is subject to further Orders of this Court.

SIGNED this the 26th day of February, 2009, at 3:55 o'clock P.M. in Austin, Travis County, Texas


DISTRICT JUDGE PRESIDING

I, AMALIA RODRIGUEZ-MENDOZA, District Clerk, Travis County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 2-24-09



AMALIA RODRIGUEZ-MENDOZA

DISTRICT CLERK

By Deputy: 

POSTED



