

DENISE VOIGT CRAWFORD
SECURITIES COMMISSIONER



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State Securities Board

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KENNETH W. ANDERSON, JR.
MEMBER

SSB Docket No. 99-038

IN THE MATTER OF
ALI VIATICAL FUNDING, INC.

§
§

Order No. SSO/FIN-1367

TO: Peggy S. Wallace, President
ALI Viatical Funding, Inc.
10010 San Pedro, Suite 650
San Antonio, Texas 78216

DISCIPLINARY ORDER

Be it remembered that ALI Viatical Funding, Inc. ("Respondent"), by and through its President, Peggy S. Wallace ("Wallace"), appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this Order and, without admitting or denying them, the Findings of Fact and Conclusion of Law contained herein, except the first Finding of Fact which is admitted.

FINDINGS OF FACT

1. Respondent has waived (a) Respondent's right to notice and hearing in this matter; (b) Respondent's right to appear and present evidence in this matter; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to Respondent by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 1999) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon Supp. 1999) ("Administrative Procedure Act").
2. Respondent is a Texas corporation whose principal office is located at 10010 San Pedro, Suite 650, San Antonio, Texas 78216.
3. Wallace is President and sole shareholder of ALI Funding.
4. Respondent has engaged in the offer for sale and sale of securities in the form of notes collateralized by viaticated life insurance policies, also known as viatical settlements, to investors at a time when said securities were not registered with the Securities Commissioner as required by Section 7 of the Texas Securities Act.

5. The notes offered and sold by Respondent are securities as defined by Section 4.A of the Texas Securities Act.
6. Respondent offered for sale and sold securities by and through independent third persons not registered with the Securities Commissioner as required by Section 12 of the Texas Securities Act. Accordingly, Respondent has acted as a dealer in the offer for sale and sale of securities at a time when said Respondent was not registered with the Securities Commissioner as required by Section 12 of the Texas Securities Act.

CONCLUSIONS OF LAW

Pursuant to Section 23-1 of the Texas Securities Act, the foregoing violations constitute bases for the issuance of an order assessing an administrative fine against Respondent.

UNDERTAKING

1. Respondent agrees that Respondent and any affiliates or successors will not offer for sale or sell securities from within the State of Texas or to a Texas resident unless Respondent and any affiliates or successors are registered with the Securities Commissioner as required by Section 12 of the Texas Securities Act, or are exempt from the registration requirements thereof.
2. Respondent agrees that Respondent and any affiliates or successors will not offer for sale or sell securities from within the State of Texas or to a Texas resident unless said securities are registered with the Securities Commissioner as required by Section 7 of the Texas Securities Act, or are exempt from the registration requirements thereof.
3. Respondent agrees that Respondent and any affiliates or successors will not use any person or entity to offer for sale or sell securities unless such person or entity is properly registered with the Securities Commissioner.
4. For a period of five (5) years from the date of the issuance of this Order, Respondent shall notify the Director of Enforcement of the State Securities Board in writing at least 10 business days prior to offering for sale or selling unregistered securities, including notice of the claimed securities registration and dealer registration exemptions.

ORDER

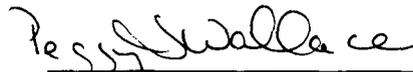
1. It is therefore ORDERED that ALI Viatical Funding, Inc. SHALL COMPLY with the terms of the Undertaking as set forth herein.

2. It is further ORDERED that ALI Viatical Funding, Inc. is ASSESSED AN ADMINISTRATIVE FINE in the amount of Ten Thousand Dollars (\$10,000.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Ten Thousand Dollars (\$10,000.00), payable to the State of Texas, contemporaneously with the delivery of this Order.

SIGNED AND ENTERED by the Securities Commissioner this 28th day of June, 1999.

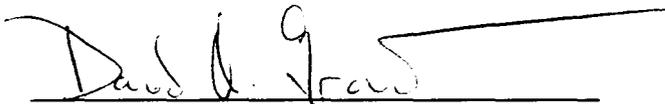

DENISE VOIGT CRAWFORD
Securities Commissioner

Respondent:



ALI Funding, Inc.
Peggy S. Wallace, President

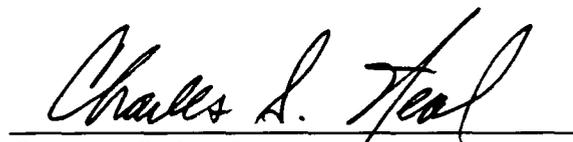
Approved as to Form:



David A. Grauer
Director of Enforcement



Kaylee Russell
Enforcement Attorney

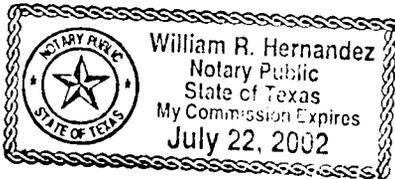


Charles S. Neal
Assistant Director of Enforcement

ACKNOWLEDGMENT

On the 23rd day of June, 1999, ALI Viatical Funding, Inc. ("Respondent ") by and through Peggy S. Wallace, its President, personally appeared before me, executed the foregoing Order, and acknowledged that:

1. Peggy S. Wallace is duly authorized to enter into the foregoing Order on behalf of Respondent;
2. Peggy S. Wallace has read the foregoing Order;
3. Respondent has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent knowingly and voluntarily consents to the entry of this Order and, without admitting or denying them, the Findings of Fact and Conclusion of Law contained herein, except the first Finding of Fact which is admitted, and
5. Respondent, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



[affix notary seal here]



Notary Public in and for
the State of Texas

My commission expires on: 7-22-02