

DENISE VOIGT CRAWFORD
SECURITIES COMMISSIONER



BETH ANN BLACKWOOD
CHAIR

JOHN R. MORGAN
DEPUTY SECURITIES COMMISSIONER

BRYAN K. BROWN
MEMBER

EDWARD ESCUDERO
MEMBER

DERRICK MITCHELL
MEMBER

E. WALLY KINNEY
MEMBER

Mail: P.O. BOX 13167
AUSTIN, TEXAS 78711-3167

Texas State Securities Board

208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
www.ssb.state.tx.us

Phone: (512) 305-8300
Facsimile: (512) 305-8310

IN THE MATTER OF
AGAP LIFE OFFERINGS, LLC,
CHARLES D. MADDEN
AND MATTHEW SEARLE

§
§
§
§

Order No. ENF-10-CDO-1687

TO: AGAP Life Offerings, LLC
5600 Tennyson Parkway, Suite 155, Plano, Texas 75024, and
c/o Charles D. Madden, Registered Agent, 6210 Campbell Road, Suite 160,
Dallas, Texas 75248, and
c/o Tax Lawyers, LLC, Registered Agent, 8880 W. Sunset, Suite 250, Las Vegas,
Nevada 89148, and
c/o Tax Lawyers, LLC, Registered Agent, 7345 S. Durango Drive, Suite B107-
355, Las Vegas, Nevada 89113

Charles D. Madden
10567 Buccaneer Parkway, Frisco, Texas 75034, and
5600 Tennyson Parkway, Suite 155, Plano, Texas 75024, and
6210 Campbell Road, Suite 160, Dallas, Texas 75248

Matthew Searle
Queensgate House, Queen Street, Exeter, Devon EX4 3SR

EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Deputy Securities Commissioner of the State of Texas ("Securities Commissioner") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2009) ("Texas Securities Act").

The Staff of the Enforcement Division ("the Staff") of the Texas State Securities Board ("the Securities Board") has presented evidence sufficient for the Deputy Securities Commissioner to find that:

FINDINGS OF FACT

1. AGAP Life Offerings, LLC (“Respondent AGAP”) is a Nevada Limited Liability Company that maintains a last known address at 5600 Tennyson Parkway, Suite 155, Plano, Texas 75024. Its Registered Agent for service of process in Nevada is Tax Lawyers, LLC, a company that maintains last known addresses at 8880 W. Sunset, Suite 250, Las Vegas, Nevada 89148 and 7345 S. Durango Drive, Suite B107-355, Las Vegas, Nevada 89113. Its Registered Agent for service of process in Texas is Charles D. Madden, an individual who maintains a last known address at 6210 Campbell Road, Suite 160, Dallas, Texas 75248. Charles D. Madden and Jeffrey N. Madden are the governing persons of Respondent AGAP.
2. Charles D. Madden (“Respondent Madden”) is a Founding Member and the President of Respondent AGAP. He is also a licensed insurance agent in Texas and holds a General Lines License with qualifications in Life, Accident, Health and HMO. Respondent Madden maintains a last known address at 10567 Buccaneer Point, Frisco, Texas 75034.
3. Matthew Searle (“Respondent Searle”) purports to be a consultant for Gresham Insurance Brokers, Ltd., and he maintains a last known address at Queensgate House, Queens Street, Exeter, Devon EX4 3SR.
4. Respondent Madden previously served as a sales agent for A & O Life Fund, LLC, A & O Resource Management, Ltd., and/or various entities associated therewith. In his capacity as a sales agent, Respondent Madden sold bonded life settlements and/or capital appreciation bonds that were issued by these entities to Texas residents. These bonded life settlements and capital appreciation bonds both involved investments in fractional interests in the death benefits of life settlements that were reportedly secured or guaranteed by a third-party bonding company.
5. In or around September 2009, A & O Life Fund, LLC, A & O Resource Management, Ltd., and affiliated entities filed Voluntary Petitions for Chapter 11 Bankruptcy in the United States Bankruptcy Court for the Northern District of Illinois. Many investors who purchased bonded life settlements and capital appreciation bonds through these entities may lose the entirety of their investments.
6. Respondents AGAP, Madden and Searle are now offering for sale investments in a new bonded life settlement program in Texas. Respondents AGAP and Madden are describing this new bonded life settlement program as a "Life Offering" and it is being marketed as follows:
 - A. Investors are being told that the Life Offering is an investment in a life settlement combined with a contract with one or more third parties to

administer the life settlement and the purchase of a maturity bond to protect the minimum value of the Life Offering.

- B. The term of the investment is purportedly based in part on the estimated life expectancy of the individual named as the insured on the life settlement policy. Investors will receive a pro rata portion of the death benefits of the insurance policy if the insured dies during either his or her estimated life expectancy or a "deferred period" that lasts twelve months following the expiration of said estimated life expectancy.
 - C. Respondents will secure "Extended Longevity Insurance" through Gresham Insurance Brokers, Ltd., an entity with a principal place of business at 28 Great Tower Street, 1st Floor, London, EC3R 5AT. The Extended Longevity Insurance will purportedly provide an ultimate maturity date and a predetermined minimum return on the investment. The issuer will be required to pay an escrow company the value of the death benefits of the underlying life insurance policy if the insured does not die during the term of his or her life expectancy and the deferred period. The escrow company will reportedly thereafter distribute this payment to investors as a return on their investments.
 - D. Respondents are representing that the Life Offering is structured in this manner to yield annualized returns of up to 121.07%.
7. Respondents Madden and AGAP are representing that investors may need to contribute additional premium payments should the issuer of the Extended Longevity Insurance fail to pay and the insured continue to live past his or her estimated life expectancy and the deferred period. Respondents Madden and Respondent AGAP are also representing, however, that Respondent AGAP has reserved funds equal to an estimated annual premium for the underlying life insurance policy and will use these funds to reimburse investors who make continued premium contributions.
8. The Life Offering has not been registered by qualification, notification or coordination and no permit has been granted for its sale in Texas.
9. Respondents have not been registered with the Securities Commissioner as securities dealers or agents at any time material hereto.
10. In connection with the offer for sale of the Life Offering, Respondents are intentionally failing to disclose the following material facts:
- A. True and accurate information that relates to the risk associated with the purchase of a Life Offering, including but not limited to the following:
 - i. The value of regular premium payments that will be necessary to ensure that the life insurance policy does not lapse should the

issuer of the Extended Longevity Insurance fail to pay and the insured lives past his or her estimated life expectancy and the deferred period, and

ii. The risks associated with the inability or unwillingness of other investors in the Life Offering to contribute their own pro rata share of premium payments if the issuer of the Extended Longevity Insurance does not duly pay on said insurance.

B. True and accurate information that will allow an investor to assess the likelihood that the issuer of the Extended Longevity Insurance will satisfy all obligations derived therefrom, including information that reflects the assets, liabilities and capitalization of said issuers.

11. In connection with the offer for sale of the Life Offering, Respondents AGAP and Madden are intentionally failing to disclose the following material facts:

A. True and accurate information relating to Respondent Madden's business history and the profitability of his prior sales of bonded life settlements and/or capital appreciation bonds, including but not limited to the following:

i. That Respondent Madden previously sold bonded life settlements and/or capital appreciation bonds through A & O Life Fund, LLC, A & O Resource Management, Ltd., and/or various entities associated therewith,

ii. That A & O Life Fund, LLC, A & O Resource Management, Ltd., and associated entities filed a Voluntary Petition for Chapter 11 Bankruptcy in the United States Bankruptcy Court for the Northern District of Illinois, and

iii. That investors who purchased bonded life settlements through the aforementioned entities stand to lose the entirety of their funds.

B. True and accurate information that identifies the nature of the reserves that will purportedly be used by Respondent AGAP to reimburse investors for their continued premium contributions should the issuer of the Extended Longevity Insurance fail to pay and the insured lives past his or her estimated life expectancy and the deferred period, including but not limited to the following:

i. The assets, liabilities and capitalization of Respondent AGAP,

ii. The amount of funds that have been reserved by Respondent AGAP, and

- iii. The anticipated or permitted use of said funds during the pendency of the Life Offering and any risk associated with said anticipated or permissive use of funds.
- 12 Respondents AGAP and Madden are representing that persons offering the Life Offering will receive a "finders' fee" based upon the sale of the Life Offering, which is materially misleading or otherwise likely to deceive the public because Respondents AGAP and Madden are not disclosing that individuals who sell the Life Offering in Texas for a "finders' fee" must generally first be registered as securities dealers or agents pursuant to the Texas Securities Act.
13. Respondents are offering investments in the Life Offering through the use of oral communications and representations contained within promotional material, offering documents and an Internet website accessible at <http://www.agaplifefofferings.com>. These communications and representations are materially misleading or otherwise likely to deceive the public because Respondents are not disclosing the facts referenced within this Emergency Cease and Desist Order.

CONCLUSIONS OF LAW

1. The Life Offering is a "security" as that term is defined by Section 4.A of the Texas Securities Act.
2. Respondents are violating Section 7 of the Texas Securities Act by offering securities for sale in Texas at a time when the securities are not registered with the Securities Commissioner.
3. Respondents are violating Section 12 of the Texas Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 12 of the Texas Securities Act.
4. Respondents are engaging in fraud in connection with the offer for sale of securities.
5. Respondents have made an offer containing a statement that is materially misleading or otherwise likely to deceive the public.
6. Respondents' conduct, acts, and practices threaten immediate and irreparable public harm.
7. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Texas Securities Act.

ORDER

1. It is therefore ORDERED that Respondents immediately CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered for sale pursuant to an exemption from registration under the Texas Securities Act.
2. It is further ORDERED that Respondents immediately CEASE AND DESIST from acting as securities dealers or agents in Texas until Respondents are registered with the Securities Commissioner or are acting pursuant to an exemption from registration under the Texas Securities Act.
3. It is further ORDERED that Respondents immediately CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in Texas.
4. It is further ORDERED that Respondents immediately CEASE AND DESIST from offering securities in Texas through an offer containing a statement that is materially misleading or otherwise likely to deceive the public.

NOTICE

Pursuant to Section 23-2 of the Texas Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, and state the grounds for the request to set aside or modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 29.D of the Texas Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Texas Securities Act is a criminal offense punishable by a fine of not more than \$5,000, or imprisonment in the penitentiary for not more than two years, or by both such fine and imprisonment.

SIGNED AND ENTERED by the Deputy Securities Commissioner this 5th
day of April, 2010.


JOHN R. MORGAN
Deputy Securities Commissioner