

CAUSE NO. D-1-GN-11-002286

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|--|---|--------------------------------|
| TEXAS STATE SECURITIES BOARD | § | IN THE DISTRICT COURT OF |
| acting through BENETTE L. ZIVLEY | § | |
| in his official capacity as SECURITIES | § | |
| COMMISSIONER, | § | |
| | § | |
| Petitioner, | § | |
| | § | |
| v. | § | TRAVIS COUNTY, TEXAS |
| | § | |
| LIFE PARTNERS HOLDINGS, INC., | § | |
| LIFE PARTNERS, INC., | § | |
| R. SCOTT PEDEN, and | § | |
| BRIAN PARDO, | § | |
| | § | |
| Respondents | § | <u>126th</u> JUDICIAL DISTRICT |

**APPLICATION TO ENFORCE SUBPOENAS OF
THE TEXAS STATE SECURITIES BOARD**

TO THE HONORABLE JUDGE OF SAID COURT:

COMES NOW the Petitioner, the **TEXAS STATE SECURITIES BOARD**, acting through **BENETTE L. ZIVLEY**, in his official capacity as **SECURITIES COMMISSIONER**, by and through Gregg Abbott, Attorney General of Texas, and files this Subpoena Enforcement Action requiring and commanding the Respondents, **LIFE PARTNERS HOLDINGS, INC.**, **LIFE PARTNERS, INC.**, **R. SCOTT PEDEN** and **BRIAN PARDO**, to appear and show cause why they should not be required to obey the subpoenas issued by the Securities Commissioner to produce and make available for inspection and reproduction certain evidence in their possession as part of an investigation by the Petitioner to detect and prevent violations of the Securities Act and, in connection herewith, would show the Court the following:

THE PARTIES

1. Petitioner is the Texas State Securities Board, acting through Benette L. Zivley, the Securities Commissioner of the State of Texas (**hereinafter referred to as**

“Petitioner”). Petitioner maintains an office at 208 E. 10th Street, 5th Floor, Austin, Texas 78701.

2. Life Partners Holdings, Inc. (**“Respondent LPHI”**), is a corporation organized under the Texas Business Corporation Act. It maintains a physical address at 204 Woodhew Drive, City of Waco, County of McLennan, State of Texas 76712. Respondent LPHI may be may be served with process through its registered agent, R. Scott Peden, at 204 Woodhew Drive, Waco, Texas 76712.
3. Life Partners, Inc. (**“Respondent LPI”**), is a corporation organized under the Texas Business Corporation Act and a subsidiary of Respondent LPHI. It maintains a physical address at 204 Woodhew Drive, City of Waco, County of McLennan, State of Texas 76712 and may be served with process through its registered agent, R. Scott Peden, at 204 Woodhew Drive, Waco, Texas 76712.
4. R. Scott Peden (**“Respondent Peden”**) is the General Counsel and Secretary of Respondent LPHI and the President of LPI Respondent Peden may be served with process at 204 Woodhew Drive, Waco, Texas 76712.
5. Brian Pardo (**“Respondent Pardo”**) is the Chief Executive Officer of Respondent LPHI and the Director and Founder of Respondent LPI. Respondent Pardo may be served with process at 204 Woodhew Drive, Waco, Texas 76712.
6. Respondents LPHI, LPI, Pardo, and Peden are collectively referred to hereinafter as **“Respondents.”**

JURISDICTION AND VENUE

7. Section 28.A of The Securities Act, Tex. Rev. Civ. Stat. Ann. art. 581-1 et seq. (West 2010) (**“The Securities Act”**) provides as follows:

[i]n case of disobedience of any subpoena...the Commissioner may invoke the aid of the District Court within whose jurisdiction any witness may be found, and such court may thereupon issue an order requiring the person subpoenaed to obey the subpoena or give evidence, or produce books, accounts, records, papers, and correspondence touching the matter in question.

8. Respondents were required to produce records to the Petitioner in Travis County, Texas and have refused to comply with subpoenas requiring such production in said county. Based upon reasonable belief, Respondents have offered for sale investments in life settlement contracts in Travis County, employ sales agents in Travis County, and have investors who are Travis County residents. Respondents' Counsel and members of the Enforcement Division of the Texas State Securities Board are witnesses that may be found in Travis County, Texas. Accordingly, the Travis County District Court has jurisdiction over this matter and venue is appropriate in Travis County, Texas because witnesses may be found in Travis County and all or a substantial part of the events giving rise to the instant *Application to Enforce Subpoenas of the Texas State Securities Board* occurred in Travis County, Texas.

STATUTORY AUTHORITY

9. Petitioner is charged with the administration of The Securities Act. Sections 3 and 28 of The Securities Act require Petitioner to conduct investigations that will prevent or detect the violation of any provision of the statute.
10. Section 28.A of The Securities Act specifically requires Petitioner to conduct investigations as Petitioner considers necessary to prevent or detect violations of The Securities Act. It provides in part that:

[t]he Commissioner shall conduct investigations as the Commissioner considers necessary to prevent or detect the violation of this Act or a Board rule or order. For this purpose, the Commissioner may require, by subpoena or summons issued by the Commissioner, the attendance and testimony of witnesses and the production of all records, whether maintained by electronic or other means, relating to any matter which the Commissioner has authority by this Act to consider or investigate, and may sign subpoenas, administer oaths and affirmations, examine witnesses and receive evidence...
11. Persons who engage in the offer for sale or sale of securities in Texas may violate the Securities Act by means that include, but are not limited to, the following:
 - a. Offering for sale and selling securities in Texas without complying with the securities registration requirements of Section 7 of The Securities Act,
 - b. Offering for sale and selling securities in Texas without complying with the registration provisions for dealers, agents, investment advisers or

investment adviser representatives as set forth in Section 12 of The Securities Act, and

- c. Engaging in fraud in connection with the offer for sale or sale of securities as that term is defined by Section 4.F of The Securities Act.

RESPONDENTS ARE IN DISOBEDIENCE OF SUBPOENAS ISSUED BY PETITIONER TO PREVENT OR DETECT VIOLATIONS OF THE SECURITIES ACT

12. Respondents are believed to be in the business of offering for sale and selling investments in life settlement contracts.
13. A life settlement contract is an investment whereby an investor typically acquires a legal interest in the death benefits of an existing insurance policy that insures the life of a person who does not have a catastrophic or life-threatening illness or condition. Although the terms and structure of life settlement contracts may vary, investors are generally responsible for the payment of premiums throughout the term of the life insurance policy and generally expect to receive a profit when the death benefits are paid by the insurance carrier upon the death of the insured.
14. According to 10-K Forms filed with the United States Securities and Exchange Commission (“**SEC**”), Respondents LPHI and/or LPI reportedly acquired 200 life settlement policies in fiscal year 2008, 196 life settlement policies in fiscal year 2009, and 201 life settlement policies in fiscal year 2010. Respondents are believed to have offered for sale and sold these life settlement policies, or portions thereof, as investments. These investments are believed to be in life settlement policies that reportedly have or had a collective face value of approximately \$1.699 billion.
15. On or about July 29, 2010, the Enforcement Division of the Texas State Securities Board formally commenced an investigation of Respondents. The purpose of this investigation was to detect or prevent any violations of The Securities Act. These suspected violations included but were not limited to the following:
 - a. Fraud and fraudulent practices in connection with the offer for sale and sale of shares of LPHI common stock issued by Respondent LPHI;
 - b. Fraud and fraudulent practices in connection with the offer for sale and sale of investments in life settlement contracts issued by Respondent LPI;
 - c. Offering for sale and selling investments in life settlement contracts at a time when the investments in life settlement contracts were not registered by qualification, notification or coordination and no permit was granted for their sale in Texas; and

- d. Offering for sale and selling investments in life settlement contracts at a time that Respondents were not registered as dealers, agents, investment advisers or investment adviser representatives.
16. On or about May 29, 2007, Colorado's Securities Commissioner filed an action seeking injunctive and other relief against one or more of the Respondents and others based upon the illegal or unlawful sale of securities, wherein or as a result thereof:
- a. The Colorado Securities Commissioner alleged from as early as 2004 and continuing through 2007, Respondent LPI raised over \$11.5 million from more than 110 Colorado investors through the fraudulent sale of unregistered securities in the form of fractionalized interests in viatical and life settlements¹;
 - b. The Court granted partial summary judgment in favor of the Colorado Securities Commissioner and against Respondent LPI finding that Respondent LPI sold unregistered securities; and
 - c. Respondent LPI eventually settled the remaining matters in the case. Respondents reportedly purchased interests in 264 life insurance policies relating to this settlement.
17. In furtherance of said investigation, Petitioner issued two subpoenas pursuant to Section 28.A of The Securities Act (the "**2010 Subpoenas**").² The 2010 Subpoenas explained they were issued as part of an investigation to detect and prevent violations of The Securities Act. The 2010 Subpoenas were issued and provided more specifically as follows:
- a. The first subpoena was issued on July 29, 2010, and it directed Respondent Peden or any other Custodian of Records, employee, agent or authorized representative of Respondent LPI to produce certain records for examination and/or reproduction at the Austin Office of the Texas State Securities Board by or before August 23, 2010; and
 - b. The second subpoena was issued on July 30, 2010, and it directed Respondent Peden or any other Custodian of Records, employee, agent or authorized representative of Respondent LPHI to produce certain

Viatical settlement contracts and life settlement contracts are nearly identical instruments except that viatical settlement contracts typically involve an insured person who has been diagnosed with a terminal illness or condition.

² The 2010 Subpoenas were issued by Petitioner's predecessor, Securities Commissioner Denise Voigt Crawford. In or around February 2011, Ms. Crawford retired and Mr. Zivley was appointed as the new Securities Commissioner. For the convenience of the Court, this Application to Enforce Subpoenas of the Texas State Securities Board simply uses the term "Petitioner" to refer to the Office of the Securities Commissioner.

records for examination and/or reproduction at the Austin Office of the Texas State Securities Board by or before August 23, 2010.

True and correct certified copies of the 2010 Subpoenas are attached hereto and incorporated herein by reference as **Exhibits 1 and 2**.

18. The 2010 Subpoenas were served on Respondents LPHI and LPI and/or Respondents LPHI and LPI waived formal service of process.
19. In or around August 2010, the Enforcement Division of the Texas State Securities Board met with counsel for Respondents LPHI and LPI to discuss production of the records demanded pursuant to the 2010 subpoenas.
20. On or about August 24, 2010, the Enforcement Division notified counsel for Respondents LPHI and LPI that said Respondents failed to produce all items as required by the 2010 subpoenas.
21. On or about August, 29, 2010, Respondents LPHI and LPI produced some additional records demanded by the 2010 Subpoenas. The Enforcement Division extended the deadline for such records to September 1, 2010. Respondents LPHI and LPI, however, refused to produce all of the records identified by the 2010 Subpoenas. Respondents LPHI and LPI failed to produce, with the exception of an Agency and Special Power of Attorney Agreement and a Policy Funding Agreement, all other records relating to its business of selling to purchasers wishing to purchase an interest or interests in life insurance policies, to wit:
 - a. A true and correct schedule or other record identifying the full names, addresses, telephone numbers and commission or payment schedule for all salespersons, agents, licensees, or employees, independent contractors or any other persons or entities that are offering for sale or selling investments predicated upon the death benefits of life insurance policies, units or limited partners interests in the AI Fund or any other investments involving or related to the death benefits of life insurance policies.
 - b. All marketing materials, advertisements, promotional literature, brochures, pamphlets websites, private offering memoranda, private placement memoranda and other advertising materials that are being used in connection with the offer for sale and sale of investments predicated upon the death benefits of life insurance policies, units or limited partner interests in the AI Fund or any other investments involving or related to the death benefits of life insurance policies.
 - c. All subscription agreements, investor contracts, powers of attorney, investor questionnaires, suitability forms, accreditation surveys, private

offering memoranda, private placement memoranda and all other contracts, agreements and forms that are being used in connection with the sale of investments predicated upon the death benefits of life insurance policies, units or limited partner interests in the AI Fund or any other investments involving or related to the death benefits of life insurance policies.

22. The Enforcement Division has continued to investigate the activities of Respondents LPHI, LPI, Peden and Pardo to detect and prevent violations of The Securities Act. The Enforcement Division has learned the following facts, which are pleaded herein based upon information and belief:
- a. There have been a number of recent public announcements and public filings by Respondents, their independent financial accounting firm, and SEC. These filings include, but are not limited to, the following:
 - i. On or about January 20, 2011, Respondents announced the SEC is investigating the business operations of Respondent LPI.
 - ii. On or about May 9, 2011, Respondent LPHI received a "Wells Notice" from the Staff of the Fort Worth Regional Office of the SEC stating that the Staff would recommend the SEC bring civil injunctive action against Respondents LPHI, Brian D. Pardo, and R. Scott Peden for violations of Section 17(a) of The Securities Act 1933, Sections 10(b) and 13(a) of the Securities Exchange Act 1934, and certain rules thereunder.
 - iii. On or about May 16, 2011, Respondent LPHI filed a form 12b-25 disclosing its inability to file its Annual Report on Form 10-K for the year ending February 28, 2011, because management had not completed its determination of the timing and amount of certain non-cash impairment charges relating to its life settlements held for investment and believed they would file within the 15 day extension period.
 - iv. On or about May 31, 2011, Respondent LPHI filed a form 12b-25 disclosing it would not be filing its Annual Report within the 15 day extension period due to impairment determinations and implementations, which involve further review by the independent auditor. Respondent LPHI further disclosed that it encountered unanticipated delays from a re-examination of their revenue recognition policies with the auditor.
 - v. On or about June 1, 2011, Respondent Pardo sent a memo to certain Licensees of Respondents LPHI and LPI wherein Respondent Pardo threatened to "take action" against the

independent registered accounting firm, Ernst & Young, LLP (E&Y), unless E&Y promptly signed off on Respondent LPHI's financial statements "as is."

- vi. On or about June 3, 2011, Respondent LPHI received an amended "Wells Notice" expanding the scope of the recommendation for civil action to include David M. Martin for violations of Section 17(a) of The Securities Act of 1933, Sections 10(b), 13(a), 13(b)(2)(A), and (B) of the Securities Exchange Act of 1934, and certain rules thereunder.
- vii. On or about June 6, 2011, E&Y, Respondent LPHI's independent registered accounting firm, announced the following:
 - 1. As a result of the memo from Respondent Pardo to certain Licensees threatening action against E&Y and other recent developments, the accounting firm is no longer independent of Respondent LPHI; no longer able to rely on management's representations; and is unwilling to be associated with the financial statements prepared by management;
 - 2. E&Y has resigned as Respondent LPHI's independent registered public accounting firm effective June 3, 2011; and
 - 3. With respect to the fiscal year 2010 consolidated financial statements of the Respondent LPHI and the effectiveness of internal control over financial reporting of Respondent LPHI as of February 29, 2010 may no longer be relied upon.
- b. A number of recent lawsuits have been filed against Respondents by shareholders of Respondent LPHI and investors who purchased investments in life settlement contracts through Respondent LPI. These lawsuits include, but are not limited to, the following:
 - i. On or about February 3, 2011, a class action lawsuit was filed in the United States District Court, Western District of Texas, Waco Division, styled *Stelma Stone, et al. v. Brian D. Pardo, et al.*, Civil Action No. 6:11-CV-0027. The action was filed on behalf of all purchasers of LPHI common stock between May 29, 2007, and January 19, 2011. The complaint alleged that by ignoring red flags in their business model, shortening the life expectancy estimates of insured individuals in order to charge investors more to purchase those policies, and by collecting egregious brokerage fees, Respondents actions resulted in the fraudulent inflation of Respondent LPHI's stock price.

- ii. On or about March 7, 2011, a federal class action lawsuit was filed in the United State District Court for the Central District of California, Eastern Division, styled *William and Mary Rice, et al., v. Life Partners, Inc. et al.*, Case No. 5:11-cv-00390-VAP-OP. The complaint alleged Respondents LPI and LPHI violated the Racketeering Influenced and Corrupt Organizations Act and California state law based upon said Respondents' scheme of fraudulently selling life settlements to investors with grossly understated life expectancy estimates and further alleged the scheme enabled Respondents to reap millions in illicit profits by selling life settlements for more than they were actually worth.
- iii. On or about April 15, 2011, a class action lawsuit was filed in the United States District Court, Western District of Texas, Del Rio Division, styled *Ida Y. Patterson, et al. v. Life Partners, Inc.*, Case No. 2:11-cv-00030-AM. The complaint alleged breach of fiduciary duty, violations of the DTPA, breach of contract, and unjust enrichment based upon Respondent LPI's purchase of life insurance policies with longer life expectancies than represented to Respondent LPI's investors.
- iv. On or about May 26, 2011, a class action lawsuit was transferred to the United States District Court for the Northern District of Texas, Dallas Division, styled *Frederick Vieira et al. v. Life Partners, Inc.*, Case No. 5:11-cv-01630-PSG, from the United States District Court for the Northern District of California. The complaint was filed on behalf of investors who purchased investments in life settlement contracts sold by Respondent LPI for breach of fiduciary duty, breach of contract, and unfair competition under the California Business and Professional Code. It alleged false life expectancy estimates by said Respondent's physician-underwriter resulted in investors overpaying for their investments in life settlement contracts and incurring additional expenses in the form of extra premium payments.
- v. On or about June 1, 2011, a class action lawsuit was filed in the United States District Court for the Northern District of Texas, Dallas Division, styled *Robert Yoskowitz v. Life Partners, Inc.*, Case No. 3:11-cv-01152-M. The complaint was filed against Respondent LPI for breach of fiduciary duty and breach of contract and alleged Respondent LPI grossly and systematically underestimated life expectancies in connection with investments in life settlement contracts and that Respondent LPI overcharged its customers for years based on those consistently erroneous estimates.

- vi. On or about June 16, 2011, a class action lawsuit was filed in the United States Northern District of Texas, Dallas Division, styled *William Bell et al. v. Life Partners, Inc. et al.*, Case No. 3:11-cv-01325-N. The complaint was filed on behalf of investors who purchased investments in life settlement contracts from Respondent LPI, which related to life expectancy estimates conducted by Donald Cassidy, M.D. The complaint alleged breach of fiduciary duty, breach of contract, and breach of the Texas Business and Commerce Code. It further alleged that Respondents purchased life insurance policies at a low price and thereafter sold them to investors at a higher price through the use of fraudulently short life expectancy estimates, which thereby allowed them to reap millions in illicit profits.

- c. The aforementioned lawsuits are based in part upon allegations that Respondents engaged in a scheme to use fraudulent life expectancy estimates in the sale of investments in life settlement contracts to investors, which thereby allowed them to reap lucrative profits. The life expectancy estimate is a critical component of any life settlement investment because it determines the purchase price of the policy, sets the anticipated date the investment will mature, and the amount investors will pay toward premiums in order to keep the policy in force through maturity. Many of these lawsuits cite a Wall Street Journal article dated December 21, 2010, titled *Odds Skew Against Investors in Bets on Strangers' Lives*. According to the Wall Street Journal:
 - i. Respondent Pardo "... acknowledged that many of Life Partners' life-expectancy estimates 'are probably wrong.' It gets them from a doctor in Reno, Nev., who has testified for a court case that he never checks the accuracy of his prior predictions."

 - ii. There are at least "20 instances where specific individuals' longevity had been projected by both [Respondent LPI] and by independent firms that specialize in making such estimates. The independent firms' estimates were greater, generally by 50% to 100%."

 - iii. One policy for sale by the insured was reviewed by two life expectancy firms and projected the insured had about 10 ½ years to live. Respondent LPI "told its investors she had three to five."

 - iv. "...[Respondent LPI] sells a policy for about 2.4 times what the owner is paid, much of which goes to its own fees."

 - v. In a deposition, Dr. Cassidy, Respondents' physician performing the life expectancy estimates, said "[Respondent LPI] paid him a

monthly retainer of \$15,000, plus \$500 for every policy bought by [Respondent LPI's] clients.”

- vi. Dr. Cassidy further “testified that he reviewed case histories three days a week for [Respondent LPI] and it sent him 100 to 200 cases weekly. That translates to 33 to 66 per working day. At life-expectancy firm Fasano Associates, doctors review an average of six a day...”
 - d. On or about January 27, 2010, LPI announced that it has changed its model, specifically how it pays premiums on the policies. This information was reported in a Wall Journal article titled *Life Partners Will Change Sales Pitch*. According to the Wall Street Journal:
 - i. LPI announced in an email to its licensees that “it will begin to pay insurers the least possible amount each year to keep the policies in force, rather than the annual amount recommended by insurers.”
 - ii. This representation was reportedly confirmed in a written statement by a lawyer for LPI, Ida Draim. The change was made in response to the aforementioned Wall Street Journal Article dated December 21, 2010.
 - iii. The new approach would allow for target annual returns of 7% over seven years.
 - iv. According to the written statement, “the target rate of a 7% compounded annual return over seven years was ‘derived through feedback from our clients’ about the level of return they generally seek for life-settlement investments.”
23. On June 6, 2011, and in furtherance of the aforementioned investigation, Petitioner issued four additional subpoenas pursuant to Section 28.A of The Securities Act (**the “2011 Subpoenas”**). True and correct certified copies of the 2011 Subpoenas and cover letter are attached hereto and incorporated herein by reference as ***Exhibits 3 through 7***. The 2011 Subpoenas explained that they were issued as part of an investigation to detect and prevent violations of The Securities Act and provided as follows:
- a. The first subpoena directed Respondent Pardo, in his capacity as Chief Executive Officer of Respondent LPHI, to produce certain records for examination and/or reproduction at the Austin Office of the Texas State Securities Board by or before June 17, 2011. See *Exhibit 4*.
 - b. The second subpoena directed Respondent Peden, in his capacity as Secretary of Respondent LPHI and President of Respondent LPI, to

produce certain records for examination and/or reproduction at the Austin Office of the Texas State Securities Board by or before June 17, 2011. See *Exhibit 5*.

- c. The third subpoena directed Respondent LPI to produce certain records for examination and/or reproduction at the Austin Office of the Texas State Securities Board by or before June 17, 2011. See *Exhibit 6*.
 - d. The fourth subpoena directed Respondent LPHI to produce certain records for examination and/or reproduction at the Austin Office of the Texas State Securities Board by or before June 17, 2011. See *Exhibit 7*.
- 24. On or about June 7, 2011, counsel for Respondents accepted service of the 2011 Subpoenas. See *Exhibit 3*.
 - 25. On or about June 15, 2011, the Enforcement Division met with counsel for Respondents to discuss production of the records demanded pursuant to the 2011 Subpoenas.
 - 26. On or about June 16, 2011, counsel for Respondents sent a letter to the Enforcement Division stating that they contested the legal basis for the issuance of the subpoena and declined to provide the information and documents requested. A true and correct copy of this letter attached hereto and incorporated herein by reference as ***Exhibit 8***.
 - 27. Respondents thereafter failed to produce any records demanded pursuant to the 2011 Subpoenas by or before June 17, 2011, and have continued to withhold production of any documentation responsive to said subpoenas as of the date of filing this *Application to Enforce Subpoenas of the Texas State Securities Board*.
 - 28. Respondents are therefore in disobedience of the 2011 Subpoenas and Petitioner is therefore filing this *Application to Enforce Subpoenas of the Texas State Securities Board* as authorized by Section 28 of The Securities Act.
 - 29. A court order compelling Respondents to appear and produce the records is necessary because Respondents failed to comply with the Petitioner's 2011 Subpoenas and it is believed that compliance with the 2011 Subpoenas will not be forthcoming without an order from this court. Petitioner is therefore making this application to require Respondents to produce the records and information in their possession or control, whether kept by electronic means or otherwise, as identified within the 2011 Subpoenas.

CONCLUSION AND PRAYER

30. Petitioner requests this Court order Respondents to appear at a time and place to be set by this Court and show cause why Petitioner's 2011 Subpoenas should not be enforced and Respondents be ordered to produce and make available to Petitioner for the inspection and reproduction of any records referred to in the 2011 Subpoenas that are in the possession or control of Respondents.
31. Petitioner further requests this Court order Respondents to pay reasonable and necessary attorney's fees.
32. Petitioner further requests this Court order such other and further relief to which Petitioner may be justly entitled.

WHEREFORE, Petitioner prays this *Application to Enforce Subpoenas of the Texas State Securities Board* be granted and if any part of said Application is denied, the balance of said Application be considered as a separate and distinct action and such be granted; and the above-described show cause order be issued and such orders be issued herein as may be necessary or proper to accomplish the purpose of the statutes referred to above.

Respectfully submitted,

GREGG ABBOTT
Attorney General

DANIEL HODGE
First Assistant Attorney General

BILL COBB
Deputy Attorney General for Litigation

DAVID C. MATTAX
Director of Defense Litigation

JEFF M. GRAHAM
Division Chief
Financial and Tax Litigation Division



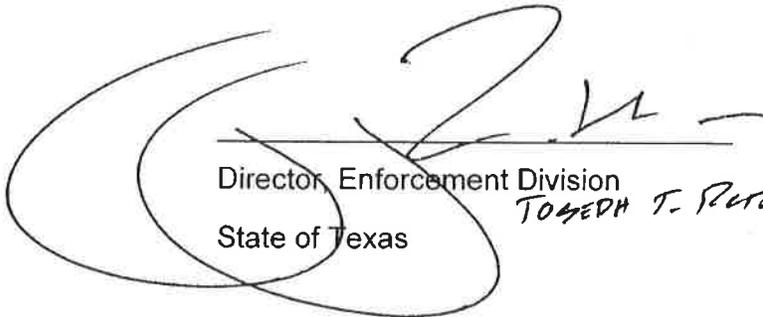
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Texas Securities Commissioner*

VERIFICATION

STATE OF TEXAS

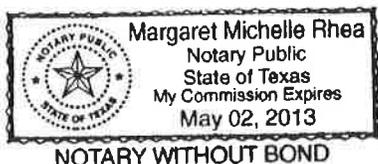
COUNTY OF TRAVIS

BEFORE ME, the undersigned authority, on this day personally appeared Joseph J. Rotunda, Director of Enforcement for the Texas State Securities Board, who, being by me first duly sworn, deposed and said that he has read the allegations in the foregoing petition, and upon information and belief, each and every fact and matter stated in paragraphs 12 through 29 therein is believed to be true and correct.



Director, Enforcement Division
State of Texas
JOSEPH T. ROTUNDA

SUBSCRIBED AND SWORN to before me, this the 28TH day of July, 2011.





Notary Public in and for
The State of Texas



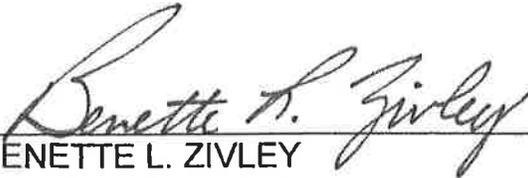
STATE SECURITIES BOARD

AUSTIN, TEXAS

CERTIFICATE

I, BENETTE L. ZIVLEY, Securities Commissioner of the State of Texas, do hereby certify that I have caused to be made a careful examination of the records of the State Securities Board, which records are kept under my supervision and control, under the provisions of House Bill 521, Chapter 100, Acts of the 44th Legislature, Regular Session, as amended, such Act being effective May 23, 1935, Senate Bill 149, Chapter 67, Acts of the 54th Legislature, and House Bill 39, Chapter 384, Acts of the 54th Legislature, both Regular Session, as amended, such Acts being effective September 6, 1955, and Senate Bill 294, Chapter 269, Acts of the 55th Legislature, Regular Session, as amended, such Act being effective August 22, 1957, known and cited as "The Securities Act," and from such examination, I do further certify that the attached 2 pages constitute a true and correct record of information filed with the Securities Commissioner.

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of the State Securities Board at my office in the City of Austin, this 22nd day of June, 2011.


BENETTE L. ZIVLEY
Securities Commissioner



SUBPOENA



THE STATE OF TEXAS

State Securities Board

To: R. Scott Peden, or Custodian of Records, employee, agent or authorized representative of Life Partners, Inc., 204 Woodhew Drive, Waco, Texas 76172

At the instance of the Securities Commissioner of the State of Texas, you are hereby required to produce the following records to the Securities Commissioner, or the Commissioner's authorized agent, for examination and/or reproduction at

Texas State Securities Board
Thomas Jefferson Rusk State Office Building
Attn: Alexis Goldate
208 E. 10th Street, 5th Floor
Austin, Texas 78701

on or before 3:00 PM on Monday, August 23, 2010

as part of an investigation by the Securities Commissioner, or the Commissioner's authorized agent, to detect and prevent violations of The Securities Act:

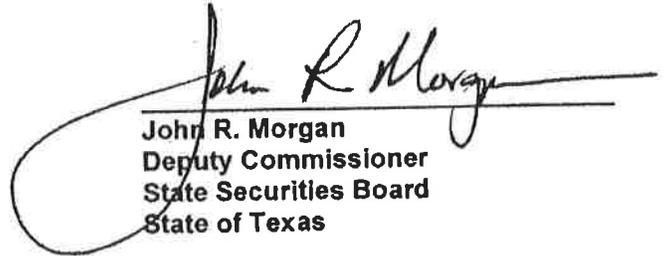
The records and information requested in Paragraphs 1 through 3 listed below that are in your possession or control, whether kept by electronic means or otherwise, relating to LIFE PARTNERS HOLDINGS, INC. (HEREINAFTER REFERRED TO AS "LPHI"); LIFE PARTNERS, INC. (HEREINAFTER REFERRED TO AS ("LPI"); LPHI PORTFOLIO MANAGEMENT SERVICES, LLC (HEREINAFTER REFERRED TO AS "LPHIPMS"); LPHI MANAGEMENT SERVICES, INC. (HEREINAFTER REFERRED TO AS "LPHIMS"); ALPHA INNOVATION FUND I, LP (HEREINAFTER REFERRED TO AS THE "AI FUND") AND ANY OTHER SUBSIDIARY OR AFFILIATE THEREOF, including, but not limited to, the following:

1. A true and correct schedule or other record identifying the full names, addresses, telephone numbers and commission or payment schedule for all salespersons, agents licensees, employees, independent contractors or any other persons or entities that are offering for sale or selling investments predicated upon the death benefits of life insurance policies, units or limited partners interests in the AI Fund or any other Investments involving or related to the death benefits of life insurance policies.
2. All marketing materials, advertisements, promotional literature, brochures, pamphlets, websites, private offering memoranda, private placement memoranda and any other advertising materials that are being used in connection with the offer for sale and sale of investments predicated upon the death benefits of life insurance policies, units or limited partner interests in the AI Fund or any other Investments involving or related to the death benefits of life insurance policies.

3. All subscription agreements, investor contracts, powers of attorney, investor questionnaires, suitability forms, accreditation surveys, private offering memoranda, private placement memoranda and all other contracts, agreements and forms that are being used in connection with the sale of investments predicated upon the death benefits of life insurance policies, units or limited partner interests in the AI Fund or any other investments involving or related to the death benefits of life insurance policies.

Fail not at your peril.

WITNESS MY OFFICIAL SIGNATURE at Austin, Texas, on this 29th day of July A.D., 2010.


John R. Morgan
Deputy Commissioner
State Securities Board
State of Texas

CAME TO HAND ON THE _____ day of _____, 20____, at _____M. and
executed at _____ County, Texas,
by delivering a true copy to the within named _____
in person, on the _____ day of _____, 20____, at _____ o'clock ____M.

_____ of _____
County, Texas
(Official Capacity)



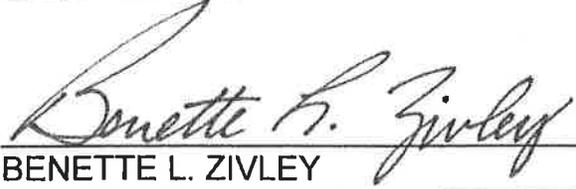
STATE SECURITIES BOARD

AUSTIN, TEXAS

CERTIFICATE

I, BENETTE L. ZIVLEY, Securities Commissioner of the State of Texas, do hereby certify that I have caused to be made a careful examination of the records of the State Securities Board, which records are kept under my supervision and control, under the provisions of House Bill 521, Chapter 100, Acts of the 44th Legislature, Regular Session, as amended, such Act being effective May 23, 1935, Senate Bill 149, Chapter 67, Acts of the 54th Legislature, and House Bill 39, Chapter 384, Acts of the 54th Legislature, both Regular Session, as amended, such Acts being effective September 6, 1955, and Senate Bill 294, Chapter 269, Acts of the 55th Legislature, Regular Session, as amended, such Act being effective August 22, 1957, known and cited as "The Securities Act," and from such examination, I do further certify that the attached 2 pages constitute a true and correct record of information filed with the Securities Commissioner.

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of the State Securities Board at my office in the City of Austin, this 22nd day of June, 2011.


BENETTE L. ZIVLEY
Securities Commissioner

| | |
|----------|---------|
| tabbles® | EXHIBIT |
| | 2 |

SUBPOENA



THE STATE OF TEXAS

State Securities Board

To: R. Scott Peden, or Custodian of Records, employee, agent or authorized representative of Life Partners Holdings, Inc., 204 Woodhew Drive, Waco, Texas 76772

At the instance of the Securities Commissioner of the State of Texas, you are hereby required to produce the following records to the Securities Commissioner, or the Commissioner's authorized agent, for examination and/or reproduction at

Texas State Securities Board
Thomas Jefferson Rusk State Office Building
Attn: Alexis Goldate
208 E. 10th Street, 5th Floor
Austin, Texas 78701

on or before 3:00 PM on Monday, August 23, 2010

as part of an investigation by the Securities Commissioner, or the Commissioner's authorized agent, to detect and prevent violations of The Securities Act:

The records and information requested in Paragraphs 1 through 3 listed below that are in your possession or control, whether kept by electronic means or otherwise, relating to LIFE PARTNERS HOLDINGS, INC. (HEREINAFTER REFERRED TO AS "LPHI"); LIFE PARTNERS, INC. (HEREINAFTER REFERRED TO AS ("LPI")); LPHI PORTFOLIO MANAGEMENT SERVICES, LLC (HEREINAFTER REFERRED TO AS "LPHIPMS"); LPHI MANAGEMENT SERVICES, INC. (HEREINAFTER REFERRED TO AS "LPHIMS"); ALPHA INNOVATION FUND I, LP (HEREINAFTER REFERRED TO AS THE "AI FUND") AND ANY OTHER SUBSIDIARY OR AFFILIATE THEREOF, including, but not limited to, the following:

1. A true and correct schedule or other record identifying the full names, addresses, telephone numbers and commission or payment schedule for all salespersons, agents licensees, employees, independent contractors or any other persons or entities that are offering for sale or selling investments predicated upon the death benefits of life insurance policies, units or limited partners interests in the AI Fund or any other investments involving or related to the death benefits of life insurance policies.
2. All marketing materials, advertisements, promotional literature, brochures, pamphlets, websites, private offering memoranda, private placement memoranda and any other advertising materials that are being used in connection with the offer for sale and sale of investments predicated upon the death benefits of life insurance policies, units or limited partner interests in the AI Fund or any other investments involving or related to the death benefits of life insurance policies.

3. All subscription agreements, investor contracts, powers of attorney, investor questionnaires, suitability forms, accreditation surveys, private offering memoranda, private placement memoranda and all other contracts, agreements and forms that are being used in connection with the sale of investments predicated upon the death benefits of life insurance policies, units or limited partner interests in the AI Fund or any other investments involving or related to the death benefits of life insurance policies.

Fail not at your peril.

WITNESS MY OFFICIAL SIGNATURE at Austin, Texas, on this 30th day of July A.D., 2010.

Denise Voigt Crawford
Denise Voigt Crawford
Securities Commissioner
State Securities Board
State of Texas

CAME TO HAND ON THE _____ day of _____, 20____, at _____ .M. and
executed at _____ County, Texas,
by delivering a true copy to the within named _____
in person, on the _____ day of _____, 20____, at _____ o'clock ____ .M.

County, Texas
(Official Capacity)

BENETTE L. ZIVLEY
SECURITIES COMMISSIONER

CARLA JAMES
DEPUTY SECURITIES COMMISSIONER

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

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



Texas State Securities Board

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

BETH ANN BLACKWOOD
CHAIR

BRYAN K. BROWN
MEMBER

EDWARD ESCUDERO
MEMBER

DERRICK MITCHELL
MEMBER

E. WALLY KINNEY
MEMBER

June 7, 2011

VIA ELECTRONIC MAIL TO LARRY@LARRYTEMPLE.COM
AND HAND DELIVERED:

Larry E. Temple
Attorney At Law
400 West 15th Street, Suite 1510
Austin, Texas 78701

Re: Life Partners, Inc.; Life Partners
Holdings, Inc.; Brian Pardo; and R.
Scott Peden

Dear Mr. Temple:

During our conversation earlier today, you agreed to accept service of subpoenas directed at the captioned persons and entities. Accordingly, please find enclosed herewith four subpoenas issued by the Securities Commissioner of Texas that direct the aforementioned persons and entities to produce the requested information by or before 3:00 PM on June 17, 2011.

You may contact me at 512-305-8392 with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Alexis Goldate".

Alexis Goldate
Attorney
Enforcement Division

Enclosures



From: "Larry Temple" <larry@larrytemple.com>
To: "Alexis Goldate" <agoldate@ssb.state.tx.us>
Date: 6/7/2011 10:11 AM
Subject: RE: Texas State Securities Board - Subpoenas

Thank you

Larry E. Temple
400 W. 15th Street, Suite 1510
Austin, Texas 78701
Phone: 512/477-4467
Fax: 512/477-4478
E-Mail: larry@larrytemple.com

-----Original Message-----

From: Alexis Goldate [mailto:agoldate@ssb.state.tx.us]
Sent: Tuesday, June 07, 2011 9:48 AM
To: larry@larrytemple.com
Subject: Texas State Securities Board - Subpoenas

Good morning Mr. Temple:

As per our discussion, I have attached an electronic copy of the cover letter and subpoenas that were served on you this morning. Let me know if you experience any difficulty accessing these electronic copies.

Sincerely,

Alexis Goldate
Attorney, Enforcement Division
Texas State Securities Board
P.O. Box 13167
Austin, TX 78711-3167
P: (512) 305-8392
F: (512) 305-8398



STATE SECURITIES BOARD

AUSTIN, TEXAS

CERTIFICATE

I, BENETTE L. ZIVLEY, Securities Commissioner of the State of Texas, do hereby certify that I have caused to be made a careful examination of the records of the State Securities Board, which records are kept under my supervision and control, under the provisions of House Bill 521, Chapter 100, Acts of the 44th Legislature, Regular Session, as amended, such Act being effective May 23, 1935, Senate Bill 149, Chapter 67, Acts of the 54th Legislature, and House Bill 39, Chapter 384, Acts of the 54th Legislature, both Regular Session, as amended, such Acts being effective September 6, 1955, and Senate Bill 294, Chapter 269, Acts of the 55th Legislature, Regular Session, as amended, such Act being effective August 22, 1957, known and cited as "The Securities Act," and from such examination, I do further certify that the attached 4 pages constitute a true and correct record of information filed with the Securities Commissioner.

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of the State Securities Board at my office in the City of Austin, this 22nd day of June, 2011.


BENETTE L. ZIVLEY
Securities Commissioner



SUBPOENA



THE STATE OF TEXAS

State Securities Board

To: **Brian Pardo** In his capacity as Chief Executive Officer of Life Partners Holdings, Inc., 204 Woodhew Drive, Waco, Texas, 76172

Pursuant to Section 28 of the Texas Securities Act, you are hereby required to produce the following records to the Securities Commissioner, or the Commissioner's authorized agent, for examination and/or reproduction at

Texas State Securities Board
Attn.: Alexis Goldate
208 E. 10th Street, 5th Floor
Austin, Texas 78701

Produce Records by: 3:00 P.M., Friday, June 17, 2011

as part of an investigation by the Securities Commissioner, or the Commissioner's authorized agent, to detect and prevent violations of The Securities Act:

All records in your possession or control, whether kept by electronic means or otherwise, relating to LIFE PARTNERS HOLDINGS, INC. (HEREINAFTER REFERRED TO AS "LPHI"); LIFE PARTNERS, INC. (HEREINAFTER "LPI") AND ANY OTHER SUBSIDIARY OR AFFILIATE THEREOF (HEREINAFTER REFERRED TO COLLECTIVELY AS "LIFE PARTNERS") for the period from January 1, 2006 to the present, including, but not limited to, the following:

1. Any and all records that evidence or relate to the marketing, offer or sale of, or any other dealings in investments in the death benefits or proceeds of life insurance policies including, but not limited to, the complete "purchaser's file" as well as:
 - a. All records, spreadsheets, lists or other documents that reflect the identities of all investors, including their names, addresses, telephone numbers, electronic mail addresses and the following terms of investments;
 - b. Any and all records that reflect whether said investors constitute "accredited investors" as that term is defined in federal or state securities laws, rules or regulations;
 - c. All Agency and Special Power of Attorney Agreements, Policy Funding Agreements or other contracts, agreements or documents that reflect said marketing, offer, sale or dealings in investments in the death benefits of life insurance policies;
 - d. Any and all contracts, agreements or documents that reflect the policy number, issuing carrier and portion of death benefits or proceeds of life insurance policies marketed, offered or sold to investors; and
 - e. Any and all records that evidence or reflect investors' ownership of any type of interest in trusts that own, are beneficiaries of, or maintain custody of life insurance policies and all records that evidence or reflect investors' entitlement to the death

2. Any and all records that evidence or relate to licensees, sales agents, marketing firms, or any individual or entity that was or is authorized to identify, market, offer, sell or otherwise deal in investments in the death benefit of life insurance policies including, but not limited to, the following:
 - a. Any and all records that reflect the identities of all licensees, sales agents, marketing firms, or any individual or entity that was or is authorized to identify, market, offer, sell or otherwise deal in investments in the death benefit of life insurance policies, including their name, address, telephone numbers, and email addresses;
 - b. All Agency Agreements, Special Power of Attorney Agreements and other contracts or agreements by or between Life Partners and licensees, sales agents, marketing firms, or any individual or entity that was or is authorized to identify, market, offer, sell or otherwise deal in investments in the death benefit of life insurance policies, as well as any amendments or modifications thereto;
 - c. All training materials, manuals, handbooks, brochures, literature, or guidelines that were created by or provided to officers, principals, licensees, sales agents, marketing firms, or any individual or entity who that was or is authorized to identify, market, offer, sell or otherwise deal in investments in the death benefit of life insurance policies;
3. All promotional material used in connection with the marketing, offer or sale of, or any other dealings in investments in the death benefits of life insurance policies, including copies of marketing literature, sales brochures, audio, digital, or print advertisements, flyers, invitations to presentations and electronic or printed mail solicitations;
4. Any and all records that relate to Donald Cassidy, M.D., or any other person or entity involved in the review or evaluation of medical records of insureds including, but not limited to, the following:
 - a. All contracts or agreements between Life Partners and Dr. Cassidy or any other person or entity involved in the review or evaluation of medical records of insureds;
 - b. All records evidencing salaries, commissions, fees, bonuses or any other form of compensation provided to Dr. Cassidy or any other person or entity involved in the review or evaluation of medical records of insureds;
 - c. All records that constitute or evidence correspondence or communications with Dr. Cassidy or any other person or entity involved in the review or evaluation of medical records of insureds, including any such electronic mailings, letters, telephone logs or message logs made, sent or received by Mr. Cassidy or Life Partners, its officers, principals, managers, licensees and/or agents;
5. All records that evidence or reflect life expectancies used in the marketing, offer or sale of, or any other dealings in investments in the death benefits or proceeds of life insurance policies including, but not limited to, the following:
 - a. All life expectancy evaluations provided by or on behalf of any person or entity,
 - b. Any and all records that reflect the procedures, policies, criteria and methodologies used to calculate said life expectancy evaluations, including any manuals, handbooks, actuarial tables or other documents; and
 - c. Any and all records that relate in any way to the accuracy or reliability of said life expectancy evaluations, including any communications, correspondences, electronic mail messages or reports that address in any way whether insureds are or were dying by, before or after their corresponding life expectancy;

6. All records that evidence or reflect life expectancy estimates received by or relied upon by Life Partners in the acquisition, including negotiating the purchase price, of life insurance policies that are used in the marketing, offer or sale of, or any other dealings in investments in the death benefits or proceeds of life insurance,
7. All records that evidence or reflect the receipt or use of funds provided by individuals and entities who have purchased in an investment in or predicated upon the death benefits of a life insurance policy including, but not limited to, the following:
 - a. All escrow agreements or contracts involving the handling, maintenance, and control of money received from said persons and entities;
 - b. All financial records, copies of checks, wire transfers, bank statements, ledgers, records of accounts and sub-accounts and audit reports;
8. All records that evidence or relate to life insurance policies used in connection with the marketing, offer or sale of, or any other dealings in investments in the death benefits or proceeds of life insurance policies including, but not limited to, the following:
 - a. Any and all records that reflect the identification, qualification, settlement or origination of said life insurance policies and any and all records that reflect any due diligence, review, inquiry or investigation that relates in any way to the identification, selection and/or acquisition of life insurance policies;
 - b. True and accurate copies of all such life insurance policies, together with any amendments or modifications thereto;
 - c. All financial records that relate to the identification, qualification, settlement or origination of said life insurance policies and copies of any and all checks, wire transfers or other transactions associated with the acquisition of any such life insurance policy;
 - d. Any and all records that evidence or relate to the actual or potential lapse of such a life insurance policy, including any and all correspondence or communications with investors, purchasers, insurance agents, insurance companies, carriers or escrow agents;
 - e. Any and all records that evidence or relate to the death of an individual insured by any such life insurance policy; and
 - f. Any and all records that evidence or relate to the the payment, disposition or use of proceeds or death benefits of any such life insurance policy;
9. All records that evidence or relate to monitoring or tracking a person insured by a life insurance policy including, but not limited to, the following:
 - a. Any and all contracts or agreements with any person or entity to monitor or track any such person; and
 - b. Any and all methodologies, policies or procedures used to monitor or track such person; and
 - c. Any and all methodologies, policies or procedures used or employed to communicate the death of such a person to an insurance company or carrier, escrow agent or person or entity that invested in the proceeds or death benefits of an insurance policy;
10. Any and all records that evidence or relate to the contribution of funds by persons or entities who invested in the death benefits or proceeds of life insurance policies after initially purchasing said investment including, but not limited to, the following:

- a. All records that reflect the contribution of funds because the amount retained for payment of premiums became exhausted or fees were assessed for subsequent transaction changes;
 - b. All records that relate to the abandonment of an interest in a life insurance policy in connection with that failure to contribute said funds;
 - c. Any and all correspondence or communication with such investor or purchaser that evidences or relates to said additional contributions or abandonment of interest;
11. Any and all records that evidence or relate to the contestability of a life insurance policy including, but not limited to, the following:
- a. Any and all notifications, communications, correspondence or other records that relate in any way to any insurance company or carrier contesting the payment of proceeds or death benefits of a life insurance policy; and
 - b. Any and all pleadings, answers, motions or other documents filed in connection with any litigation filed by or against an insurance company or carrier that relates in any way to the payment of proceeds or death benefits of a life insurance policy.

Fail not at your peril.

WITNESS MY OFFICIAL SIGNATURE at Austin, Texas, on this 6th day of June A.D., 2011.


 Benette L. Zivley
 Securities Commissioner
 State Securities Board
 State of Texas

CAME TO HAND ON THE 7 day of June, 2011, at 9:00 A.M. and
 executed at 400 West 15th Street Suite 1610 Travis County, Texas,
 by delivering a true copy to the within named Larry E Temple Attorney for Paul Peters
 in person, on the 7 day of June, 2011, at 9:35 o'clock A.M.

Pam Sisson (TSSB)
Travis of Travis
 County, Texas
 (Official Capacity)



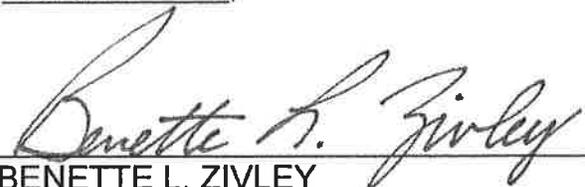
STATE SECURITIES BOARD

AUSTIN, TEXAS

CERTIFICATE

I, BENETTE L. ZIVLEY, Securities Commissioner of the State of Texas, do hereby certify that I have caused to be made a careful examination of the records of the State Securities Board, which records are kept under my supervision and control, under the provisions of House Bill 521, Chapter 100, Acts of the 44th Legislature, Regular Session, as amended, such Act being effective May 23, 1935, Senate Bill 149, Chapter 67, Acts of the 54th Legislature, and House Bill 39, Chapter 384, Acts of the 54th Legislature, both Regular Session, as amended, such Acts being effective September 6, 1955, and Senate Bill 294, Chapter 269, Acts of the 55th Legislature, Regular Session, as amended, such Act being effective August 22, 1957, known and cited as "The Securities Act," and from such examination, I do further certify that the attached 4 pages constitute a true and correct record of information filed with the Securities Commissioner.

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of the State Securities Board at my office in the City of Austin, this 22nd day of June, 2011.


BENETTE L. ZIVLEY
Securities Commissioner



SUBPOENA



THE STATE OF TEXAS

State Securities Board

To: R. Scott Peden in his capacity as Secretary for Life Partners Holdings, Inc., and President of Life Partners, Inc., 204 Woodhew Drive, Waco, Texas, 76172

Pursuant to Section 28 of the Texas Securities Act, you are hereby required to produce the following records to the Securities Commissioner, or the Commissioner's authorized agent, for examination and/or reproduction at

Texas State Securities Board
Attn.: Alexis Goldate
208 E. 10th Street, 5th Floor
Austin, Texas 78701

Produce Records by: 3:00 P.M., Friday, June 17, 2011

as part of an investigation by the Securities Commissioner, or the Commissioner's authorized agent, to detect and prevent violations of The Securities Act:

All records in your possession or control, whether kept by electronic means or otherwise, relating to LIFE PARTNERS HOLDINGS, INC. (HEREINAFTER REFERRED TO AS "LPHI"); LIFE PARTNERS, INC. (HEREINAFTER "LPI") AND ANY OTHER SUBSIDIARY OR AFFILIATE THEREOF (HEREINAFTER REFERRED TO COLLECTIVELY AS "LIFE PARTNERS") for the period from January 1, 2006 to the present, including, but not limited to, the following:

1. Any and all records that evidence or relate to the marketing, offer or sale of, or any other dealings in investments in the death benefits or proceeds of life insurance policies including, but not limited to, the complete "purchaser's file" as well as:
 - a. All records, spreadsheets, lists or other documents that reflect the identities of all investors, including their names, addresses, telephone numbers, electronic mail addresses and the following terms of investments;
 - b. Any and all records that reflect whether said investors constitute "accredited investors" as that term is defined in federal or state securities laws, rules or regulations;
 - c. All Agency and Special Power of Attorney Agreements, Policy Funding Agreements or other contracts, agreements or documents that reflect said marketing, offer, sale or dealings in investments in the death benefits of life insurance policies;
 - d. Any and all contracts, agreements or documents that reflect the policy number, issuing carrier and portion of death benefits or proceeds of life insurance policies marketed, offered or sold to investors; and
 - e. Any and all records that evidence or reflect investors' ownership of any type of interest in trusts that own, are beneficiaries of, or maintain custody of life insurance policies and all records that evidence or reflect investors' entitlement to the death benefits or proceeds of any life insurance policy owned or maintained by such trust;

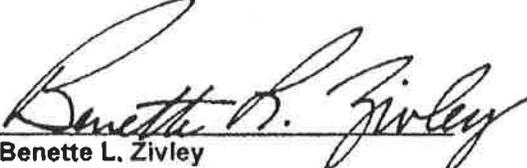
2. Any and all records that evidence or relate to licensees, sales agents, marketing firms, or any individual or entity that was or is authorized to identify, market, offer, sell or otherwise deal in investments in the death benefit of life insurance policies including, but not limited to, the following:
 - a. Any and all records that reflect the identities of all licensees, sales agents, marketing firms, or any individual or entity that was or is authorized to identify, market, offer, sell or otherwise deal in investments in the death benefit of life insurance policies, including their name, address, telephone numbers, and email addresses;
 - b. All Agency Agreements, Special Power of Attorney Agreements and other contracts or agreements by or between Life Partners and licensees, sales agents, marketing firms, or any individual or entity that was or is authorized to identify, market, offer, sell or otherwise deal in investments in the death benefit of life insurance policies, as well as any amendments or modifications thereto;
 - c. All training materials, manuals, handbooks, brochures, literature, or guidelines that were created by or provided to officers, principals, licensees, sales agents, marketing firms, or any individual or entity who that was or is authorized to identify, market, offer, sell or otherwise deal in investments in the death benefit of life insurance policies;
3. All promotional material used in connection with the marketing, offer or sale of, or any other dealings in investments in the death benefits of life insurance policies, including copies of marketing literature, sales brochures, audio, digital, or print advertisements, flyers, invitations to presentations and electronic or printed mail solicitations;
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 - a. All contracts or agreements between Life Partners and Dr. Cassidy or any other person or entity involved in the review or evaluation of medical records of insureds;
 - b. All records evidencing salaries, commissions, fees, bonuses or any other form of compensation provided to Dr. Cassidy or any other person or entity involved in the review or evaluation of medical records of insureds;
 - c. All records that constitute or evidence correspondence or communications with Dr. Cassidy or any other person or entity involved in the review or evaluation of medical records of insureds, including any such electronic mailings, letters, telephone logs or message logs made, sent or received by Mr. Cassidy or Life Partners, its officers, principals, managers, licensees and/or agents;
5. All records that evidence or reflect life expectancies used in the marketing, offer or sale of, or any other dealings in investments in the death benefits or proceeds of life insurance policies including, but not limited to, the following:
 - a. All life expectancy evaluations provided by or on behalf of any person or entity,
 - b. Any and all records that reflect the procedures, policies, criteria and methodologies used to calculate said life expectancy evaluations, including any manuals, handbooks, actuarial tables or other documents; and
 - c. Any and all records that relate in any way to the accuracy or reliability of said life expectancy evaluations, including any communications, correspondences, electronic mail messages or reports that address in any way whether insureds are or were dying by, before or after their corresponding life expectancy;

6. All records that evidence or reflect life expectancy estimates received by or relied upon by Life Partners in the acquisition, including negotiating the purchase price, of life insurance policies that are used in the marketing, offer or sale of, or any other dealings in investments in the death benefits or proceeds of life insurance,
7. All records that evidence or reflect the receipt or use of funds provided by individuals and entities who have purchased in an investment in or predicated upon the death benefits of a life insurance policy including, but not limited to, the following:
 - a. All escrow agreements or contracts involving the handling, maintenance, and control of money received from said persons and entities;
 - b. All financial records, copies of checks, wire transfers, bank statements, ledgers, records of accounts and sub-accounts and audit reports;
8. All records that evidence or relate to life insurance policies used in connection with the marketing, offer or sale of, or any other dealings in investments in the death benefits or proceeds of life insurance policies including, but not limited to, the following:
 - a. Any and all records that reflect the identification, qualification, settlement or origination of said life insurance policies and any and all records that reflect any due diligence, review, inquiry or investigation that relates in any way to the identification, selection and/or acquisition of life insurance policies;
 - b. True and accurate copies of all such life insurance policies, together with any amendments or modifications thereto;
 - c. All financial records that relate to the identification, qualification, settlement or origination of said life insurance policies and copies of any and all checks, wire transfers or other transactions associated with the acquisition of any such life insurance policy;
 - d. Any and all records that evidence or relate to the actual or potential lapse of such a life insurance policy, including any and all correspondence or communications with investors, purchasers, insurance agents, insurance companies, carriers or escrow agents;
 - e. Any and all records that evidence or relate to the death of an individual insured by any such life insurance policy; and
 - f. Any and all records that evidence or relate to the the payment, disposition or use of proceeds or death benefits of any such life insurance policy;
9. All records that evidence or relate to monitoring or tracking a person insured by a life insurance policy including, but not limited to, the following:
 - a. Any and all contracts or agreements with any person or entity to monitor or track any such person; and
 - b. Any and all methodologies, policies or procedures used to monitor or track such person; and
 - c. Any and all methodologies, policies or procedures used or employed to communicate the death of such a person to an insurance company or carrier, escrow agent or person or entity that invested in the proceeds or death benefits of an insurance policy;
10. Any and all records that evidence or relate to the contribution of funds by persons or entities who invested in the death benefits or proceeds of life insurance policies after initially purchasing said investment including, but not limited to, the following:

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 - b. Any and all pleadings, answers, motions or other documents filed in connection with any litigation filed by or against an insurance company or carrier that relates in any way to the payment of proceeds or death benefits of a life insurance policy.

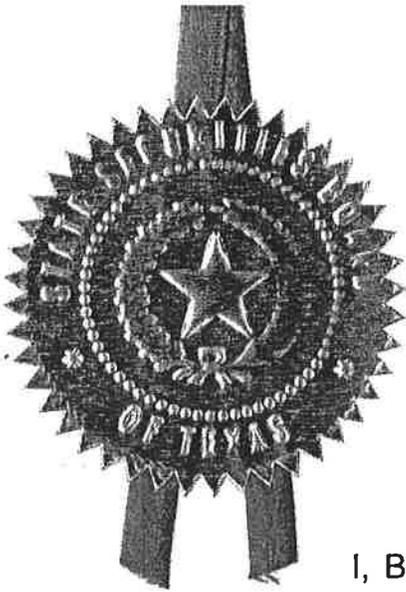
Fail not at your peril.

WITNESS MY OFFICIAL SIGNATURE at Austin, Texas, on this 6th day of June A.D., 2011.


 Benette L. Zivley
 Securities Commissioner
 State Securities Board
 State of Texas

CAME TO HAND ON THE 7 day of June, 2011, at 9 A.M. and
 executed at 400 West 15th Street Suite 1500 Travis, County, Texas,
 by delivering a true copy to the within named Larry E. Temple Attorney for named parties
 in person, on the 7 day of June, 2011, at 9:35 o'clock A.M.

Roni Seibman (TSSB)
Travis of Texas
 County, Texas
 (Official Capacity)



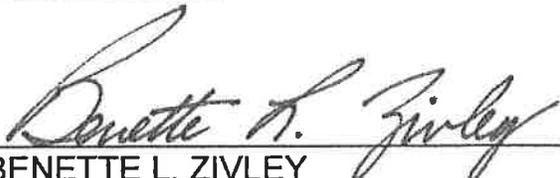
STATE SECURITIES BOARD

AUSTIN, TEXAS

CERTIFICATE

I, BENETTE L. ZIVLEY, Securities Commissioner of the State of Texas, do hereby certify that I have caused to be made a careful examination of the records of the State Securities Board, which records are kept under my supervision and control, under the provisions of House Bill 521, Chapter 100, Acts of the 44th Legislature, Regular Session, as amended, such Act being effective May 23, 1935, Senate Bill 149, Chapter 67, Acts of the 54th Legislature, and House Bill 39, Chapter 384, Acts of the 54th Legislature, both Regular Session, as amended, such Acts being effective September 6, 1955, and Senate Bill 294, Chapter 269, Acts of the 55th Legislature, Regular Session, as amended, such Act being effective August 22, 1957, known and cited as "The Securities Act," and from such examination, I do further certify that the attached 4 pages constitute a true and correct record of information filed with the Securities Commissioner.

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of the State Securities Board at my office in the City of Austin, this 22nd day of June, 2011.


BENETTE L. ZIVLEY
Securities Commissioner



SUBPOENA



THE STATE OF TEXAS

State Securities Board

To: Life Partners, Inc., c/o R. Scott Peden, Registered Agent, 204 Woodhew Drive, Waco, Texas, 76172

Pursuant to Section 28 of the Texas Securities Act, you are hereby required to produce the following records to the Securities Commissioner, or the Commissioner's authorized agent, for examination and/or reproduction at

Texas State Securities Board
Attn.: Alexis Goldate
208 E. 10th Street, 5th Floor
Austin, Texas 78701

Produce Records by: 3:00 P.M., Friday, June 17, 2011

as part of an investigation by the Securities Commissioner, or the Commissioner's authorized agent, to detect and prevent violations of The Securities Act:

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1. Any and all records that evidence or relate to the marketing, offer or sale of, or any other dealings in investments in the death benefits or proceeds of life insurance policies including, but not limited to, the complete "purchaser's file" as well as:
 - a. All records, spreadsheets, lists or other documents that reflect the identities of all investors, including their names, addresses, telephone numbers, electronic mail addresses and the following terms of investments;
 - b. Any and all records that reflect whether said investors constitute "accredited investors" as that term is defined in federal or state securities laws, rules or regulations;
 - c. All Agency and Special Power of Attorney Agreements, Policy Funding Agreements or other contracts, agreements or documents that reflect said marketing, offer, sale or dealings in investments in the death benefits of life insurance policies;
 - d. Any and all contracts, agreements or documents that reflect the policy number, issuing carrier and portion of death benefits or proceeds of life insurance policies marketed, offered or sold to investors; and
 - e. Any and all records that evidence or reflect investors' ownership of any type of interest in trusts that own, are beneficiaries of, or maintain custody of life insurance policies and all records that evidence or reflect investors' entitlement to the death benefits or proceeds of any life insurance policy owned or maintained by such trust;

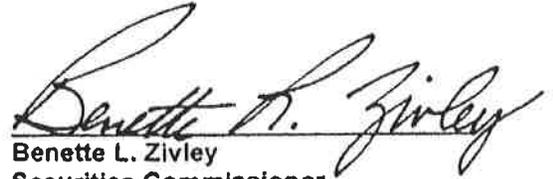
2. Any and all records that evidence or relate to licensees, sales agents, marketing firms, or any individual or entity that was or is authorized to identify, market, offer, sell or otherwise deal in investments in the death benefit of life insurance policies including, but not limited to, the following:
 - a. Any and all records that reflect the identities of all licensees, sales agents, marketing firms, or any individual or entity that was or is authorized to identify, market, offer, sell or otherwise deal in investments in the death benefit of life insurance policies, including their name, address, telephone numbers, and email addresses;
 - b. All Agency Agreements, Special Power of Attorney Agreements and other contracts or agreements by or between Life Partners and licensees, sales agents, marketing firms, or any individual or entity that was or is authorized to identify, market, offer, sell or otherwise deal in investments in the death benefit of life insurance policies, as well as any amendments or modifications thereto;
 - c. All training materials, manuals, handbooks, brochures, literature, or guidelines that were created by or provided to officers, principals, licensees, sales agents, marketing firms, or any individual or entity who that was or is authorized to identify, market, offer, sell or otherwise deal in investments in the death benefit of life insurance policies;
3. All promotional material used in connection with the marketing, offer or sale of, or any other dealings in investments in the death benefits of life insurance policies, including copies of marketing literature, sales brochures, audio, digital, or print advertisements, flyers, invitations to presentations and electronic or printed mail solicitations;
4. Any and all records that relate to Donald Cassidy, M.D., or any other person or entity involved in the review or evaluation of medical records of insureds including, but not limited to, the following:
 - a. All contracts or agreements between Life Partners and Dr. Cassidy or any other person or entity involved in the review or evaluation of medical records of insureds;
 - b. All records evidencing salaries, commissions, fees, bonuses or any other form of compensation provided to Dr. Cassidy or any other person or entity involved in the review or evaluation of medical records of insureds;
 - c. All records that constitute or evidence correspondence or communications with Dr. Cassidy or any other person or entity involved in the review or evaluation of medical records of insureds, including any such electronic mailings, letters, telephone logs or message logs made, sent or received by Mr. Cassidy or Life Partners, its officers, principals, managers, licensees and/or agents;
5. All records that evidence or reflect life expectancies used in the marketing, offer or sale of, or any other dealings in investments in the death benefits or proceeds of life insurance policies including, but not limited to, the following:
 - a. All life expectancy evaluations provided by or on behalf of any person or entity,
 - b. Any and all records that reflect the procedures, policies, criteria and methodologies used to calculate said life expectancy evaluations, including any manuals, handbooks, actuarial tables or other documents; and
 - c. Any and all records that relate in any way to the accuracy or reliability of said life expectancy evaluations, including any communications, correspondences, electronic mail messages or reports that address in any way whether insureds are or were dying by, before or after their corresponding life expectancy;

6. All records that evidence or reflect life expectancy estimates received by or relied upon by Life Partners in the acquisition, including negotiating the purchase price, of life insurance policies that are used in the marketing, offer or sale of, or any other dealings in investments in the death benefits or proceeds of life insurance,
7. All records that evidence or reflect the receipt or use of funds provided by individuals and entities who have purchased in an investment in or predicated upon the death benefits of a life insurance policy including, but not limited to, the following:
 - a. All escrow agreements or contracts involving the handling, maintenance, and control of money received from said persons and entities;
 - b. All financial records, copies of checks, wire transfers, bank statements, ledgers, records of accounts and sub-accounts and audit reports;
8. All records that evidence or relate to life insurance policies used in connection with the marketing, offer or sale of, or any other dealings in investments in the death benefits or proceeds of life insurance policies including, but not limited to, the following:
 - a. Any and all records that reflect the identification, qualification, settlement or origination of said life insurance policies and any and all records that reflect any due diligence, review, inquiry or investigation that relates in any way to the identification, selection and/or acquisition of life insurance policies;
 - b. True and accurate copies of all such life insurance policies, together with any amendments or modifications thereto;
 - c. All financial records that relate to the identification, qualification, settlement or origination of said life insurance policies and copies of any and all checks, wire transfers or other transactions associated with the acquisition of any such life insurance policy;
 - d. Any and all records that evidence or relate to the actual or potential lapse of such a life insurance policy, including any and all correspondence or communications with investors, purchasers, insurance agents, insurance companies, carriers or escrow agents;
 - e. Any and all records that evidence or relate to the death of an individual insured by any such life insurance policy; and
 - f. Any and all records that evidence or relate to the the payment, disposition or use of proceeds or death benefits of any such life insurance policy;
9. All records that evidence or relate to monitoring or tracking a person insured by a life insurance policy including, but not limited to, the following:
 - a. Any and all contracts or agreements with any person or entity to monitor or track any such person; and
 - b. Any and all methodologies, policies or procedures used to monitor or track such person; and
 - c. Any and all methodologies, policies or procedures used or employed to communicate the death of such a person to an insurance company or carrier, escrow agent or person or entity that invested in the proceeds or death benefits of an insurance policy;
10. Any and all records that evidence or relate to the contribution of funds by persons or entities who invested in the death benefits or proceeds of life insurance policies after initially purchasing said investment including, but not limited to, the following:

- a. All records that reflect the contribution of funds because the amount retained for payment of premiums became exhausted or fees were assessed for subsequent transaction changes;
 - b. All records that relate to the abandonment of an interest in a life insurance policy in connection with that failure to contribute said funds;
 - c. Any and all correspondence or communication with such investor or purchaser that evidences or relates to said additional contributions or abandonment of interest;
11. Any and all records that evidence or relate to the contestability of a life insurance policy including, but not limited to, the following:
- a. Any and all notifications, communications, correspondence or other records that relate in any way to any insurance company or carrier contesting the payment of proceeds or death benefits of a life insurance policy; and
 - b. Any and all pleadings, answers, motions or other documents filed in connection with any litigation filed by or against an insurance company or carrier that relates in any way to the payment of proceeds or death benefits of a life insurance policy.

Fail not at your peril.

WITNESS MY OFFICIAL SIGNATURE at Austin, Texas, on this 6th day of June A.D., 2011.



Benette L. Zivley
 Securities Commissioner
 State Securities Board
 State of Texas

CAME TO HAND ON THE 7 day of June, 2011, at 9 A.M. and executed at 400 West 15th Street Suite 1510 Travis County, Texas, by delivering a true copy to the within named Larry E. Temple ~~and~~ Attorney for record parties in person, on the 7 day of June, 2011, at 9:35 o'clock A.M.

Roni Sisson (TSSB)
Travis of Travis
 County, Texas
 (Official Capacity)

STATE SECURITIES BOARD

AUSTIN, TEXAS

CERTIFICATE



I, BENETTE L. ZIVLEY, Securities Commissioner of the State of Texas, do hereby certify that I have caused to be made a careful examination of the records of the State Securities Board, which records are kept under my supervision and control, under the provisions of House Bill 521, Chapter 100, Acts of the 44th Legislature, Regular Session, as amended, such Act being effective May 23, 1935, Senate Bill 149, Chapter 67, Acts of the 54th Legislature, and House Bill 39, Chapter 384, Acts of the 54th Legislature, both Regular Session, as amended, such Acts being effective September 6, 1955, and Senate Bill 294, Chapter 269, Acts of the 55th Legislature, Regular Session, as amended, such Act being effective August 22, 1957, known and cited as "The Securities Act," and from such examination, I do further certify that the attached 4 pages constitute a true and correct record of information filed with the Securities Commissioner.

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of the State Securities Board at my office in the City of Austin, this 22nd day of June, 2011.


BENETTE L. ZIVLEY
Securities Commissioner



SUBPOENA



THE STATE OF TEXAS

State Securities Board

To: Life Partners Holdings, Inc., c/o R. Scott Peden, Registered Agent, 204 Woodhew Drive, Waco, Texas, 76172

Pursuant to Section 28 of the Texas Securities Act, you are hereby required to produce the following records to the Securities Commissioner, or the Commissioner's authorized agent, for examination and/or reproduction at

Texas State Securities Board
Attn.: Alexis Goldate
208 E. 10th Street, 5th Floor
Austin, Texas 78701

Produce Records by: 3:00 P.M., Friday, June 17, 2011

as part of an investigation by the Securities Commissioner, or the Commissioner's authorized agent, to detect and prevent violations of The Securities Act:

All records in your possession or control, whether kept by electronic means or otherwise, relating to LIFE PARTNERS HOLDINGS, INC. (HEREINAFTER REFERRED TO AS "LPHI"); LIFE PARTNERS, INC. (HEREINAFTER "LPI") AND ANY OTHER SUBSIDIARY OR AFFILIATE THEREOF (HEREINAFTER REFERRED TO COLLECTIVELY AS "LIFE PARTNERS") for the period from January 1, 2006 to the present, including, but not limited to, the following:

1. Any and all records that evidence or relate to the marketing, offer or sale of, or any other dealings in investments in the death benefits or proceeds of life insurance policies including, but not limited to, the complete "purchaser's file" as well as:
 - a. All records, spreadsheets, lists or other documents that reflect the identities of all investors, including their names, addresses, telephone numbers, electronic mail addresses and the following terms of investments;
 - b. Any and all records that reflect whether said investors constitute "accredited investors" as that term is defined in federal or state securities laws, rules or regulations;
 - c. All Agency and Special Power of Attorney Agreements, Policy Funding Agreements or other contracts, agreements or documents that reflect said marketing, offer, sale or dealings in investments in the death benefits of life insurance policies;
 - d. Any and all contracts, agreements or documents that reflect the policy number, issuing carrier and portion of death benefits or proceeds of life insurance policies marketed, offered or sold to investors; and
 - e. Any and all records that evidence or reflect investors' ownership of any type of interest in trusts that own, are beneficiaries of, or maintain custody of life insurance policies and all records that evidence or reflect investors' entitlement to the death benefits or proceeds of any life insurance policy owned or maintained by such trust;

2. Any and all records that evidence or relate to licensees, sales agents, marketing firms, or any individual or entity that was or is authorized to identify, market, offer, sell or otherwise deal in investments in the death benefit of life insurance policies including, but not limited to, the following:
 - a. Any and all records that reflect the identities of all licensees, sales agents, marketing firms, or any individual or entity that was or is authorized to identify, market, offer, sell or otherwise deal in investments in the death benefit of life insurance policies, including their name, address, telephone numbers, and email addresses;
 - b. All Agency Agreements, Special Power of Attorney Agreements and other contracts or agreements by or between Life Partners and licensees, sales agents, marketing firms, or any individual or entity that was or is authorized to identify, market, offer, sell or otherwise deal in investments in the death benefit of life insurance policies, as well as any amendments or modifications thereto;
 - c. All training materials, manuals, handbooks, brochures, literature, or guidelines that were created by or provided to officers, principals, licensees, sales agents, marketing firms, or any individual or entity who that was or is authorized to identify, market, offer, sell or otherwise deal in investments in the death benefit of life insurance policies;
3. All promotional material used in connection with the marketing, offer or sale of, or any other dealings in investments in the death benefits of life insurance policies, including copies of marketing literature, sales brochures, audio, digital, or print advertisements, flyers, invitations to presentations and electronic or printed mail solicitations;
4. Any and all records that relate to Donald Cassidy, M.D., or any other person or entity involved in the review or evaluation of medical records of insureds including, but not limited to, the following:
 - a. All contracts or agreements between Life Partners and Dr. Cassidy or any other person or entity involved in the review or evaluation of medical records of insureds;
 - b. All records evidencing salaries, commissions, fees, bonuses or any other form of compensation provided to Dr. Cassidy or any other person or entity involved in the review or evaluation of medical records of insureds;
 - c. All records that constitute or evidence correspondence or communications with Dr. Cassidy or any other person or entity involved in the review or evaluation of medical records of insureds, including any such electronic mailings, letters, telephone logs or message logs made, sent or received by Mr. Cassidy or Life Partners, its officers, principals, managers, licensees and/or agents;
5. All records that evidence or reflect life expectancies used in the marketing, offer or sale of, or any other dealings in investments in the death benefits or proceeds of life insurance policies including, but not limited to, the following:
 - a. All life expectancy evaluations provided by or on behalf of any person or entity,
 - b. Any and all records that reflect the procedures, policies, criteria and methodologies used to calculate said life expectancy evaluations, including any manuals, handbooks, actuarial tables or other documents; and
 - c. Any and all records that relate in any way to the accuracy or reliability of said life expectancy evaluations, including any communications, correspondences, electronic mail messages or reports that address in any way whether insureds are or were dying by, before or after their corresponding life expectancy;

6. All records that evidence or reflect life expectancy estimates received by or relied upon by Life Partners in the acquisition, including negotiating the purchase price, of life insurance policies that are used in the marketing, offer or sale of, or any other dealings in investments in the death benefits or proceeds of life insurance,
7. All records that evidence or reflect the receipt or use of funds provided by individuals and entities who have purchased in an investment in or predicated upon the death benefits of a life insurance policy including, but not limited to, the following:
 - a. All escrow agreements or contracts involving the handling, maintenance, and control of money received from said persons and entities;
 - b. All financial records, copies of checks, wire transfers, bank statements, ledgers, records of accounts and sub-accounts and audit reports;
8. All records that evidence or relate to life insurance policies used in connection with the marketing, offer or sale of, or any other dealings in investments in the death benefits or proceeds of life insurance policies including, but not limited to, the following:
 - a. Any and all records that reflect the identification, qualification, settlement or origination of said life insurance policies and any and all records that reflect any due diligence, review, inquiry or investigation that relates in any way to the identification, selection and/or acquisition of life insurance policies;
 - b. True and accurate copies of all such life insurance policies, together with any amendments or modifications thereto;
 - c. All financial records that relate to the identification, qualification, settlement or origination of said life insurance policies and copies of any and all checks, wire transfers or other transactions associated with the acquisition of any such life insurance policy;
 - d. Any and all records that evidence or relate to the actual or potential lapse of such a life insurance policy, including any and all correspondence or communications with investors, purchasers, insurance agents, insurance companies, carriers or escrow agents;
 - e. Any and all records that evidence or relate to the death of an individual insured by any such life insurance policy; and
 - f. Any and all records that evidence or relate to the the payment, disposition or use of proceeds or death benefits of any such life insurance policy;
9. All records that evidence or relate to monitoring or tracking a person insured by a life insurance policy including, but not limited to, the following:
 - a. Any and all contracts or agreements with any person or entity to monitor or track any such person; and
 - b. Any and all methodologies, policies or procedures used to monitor or track such person; and
 - c. Any and all methodologies, policies or procedures used or employed to communicate the death of such a person to an insurance company or carrier, escrow agent or person or entity that invested in the proceeds or death benefits of an insurance policy;
10. Any and all records that evidence or relate to the contribution of funds by persons or entities who invested in the death benefits or proceeds of life insurance policies after initially purchasing said investment including, but not limited to, the following:

- a. All records that reflect the contribution of funds because the amount retained for payment of premiums became exhausted or fees were assessed for subsequent transaction changes;
 - b. All records that relate to the abandonment of an interest in a life insurance policy in connection with that failure to contribute said funds;
 - c. Any and all correspondence or communication with such investor or purchaser that evidences or relates to said additional contributions or abandonment of interest;
11. Any and all records that evidence or relate to the contestability of a life insurance policy including, but not limited to, the following:
- a. Any and all notifications, communications, correspondence or other records that relate in any way to any insurance company or carrier contesting the payment of proceeds or death benefits of a life insurance policy; and
 - b. Any and all pleadings, answers, motions or other documents filed in connection with any litigation filed by or against an insurance company or carrier that relates in any way to the payment of proceeds or death benefits of a life insurance policy.

Fail not at your peril.

WITNESS MY OFFICIAL SIGNATURE at Austin, Texas, on this 6th day of June A.D., 2011.



Benette L. Zivley
 Securities Commissioner
 State Securities Board
 State of Texas

CAME TO HAND ON THE 7 day of June, 2011, at 9 A.M. and
 executed at 400 West 15th Street Suite 1510 Travis County, Texas,
 by delivering a true copy to the within named Larry E Temple Attorney for Naval Petros
 in person, on the 7 day of June, 2011, at 9:35 o'clock A.M.

Ravi Subram (TSSB)
Travi of Texas
 County, Texas
 (Official Capacity)

LARRY E. TEMPLE
ATTORNEY-AT-LAW
400 WEST 15TH STREET
SUITE 1510
AUSTIN, TEXAS 78701
E-MAIL:
larry@larrytemple.com

TELEPHONE:
(512) 477-4467

FACSIMILE:
(512) 477-4478

June 16, 2011

Ms. Alexis Goldate, Attorney
Enforcement Division
Texas State Securities Board
208 East 10th Street, 5th Floor
Austin, Texas 78701-2407

Re: Life Partners, Inc.; Life Partners Holdings, Inc.; Brian Pardo; and R. Scott Peden

Dear Ms. Goldate:

On June 7, 2011, I accepted service of subpoenas issued on June 6, 2011 by Securities Commissioner Benette L. Zivley on the following entities and individuals:

Life Partners, Inc.
Life Partners Holdings, Inc.
Brian Pardo
R. Scott Peden

This submission will serve as the response for each and all of those recipients of the subpoenas.

Each of the four identical subpoenas states that it is issued pursuant to Section 28 of the Texas Securities Act. Section 28 of the Texas Securities Act authorizes the Commissioner to issue subpoenas "relating to any matter which the Commissioner has authority by this Act".

None of the parties receiving the subpoenas are engaged in any facet of the securities business. None of them fall under the purview of the Texas Securities Act.

Life Partners Holdings, Inc. is the parent company of Life Partners, Inc. Mr. Pardo and Mr. Peden are officers of the two companies.

As it has both advised you and documented for you before, Life Partners, Inc. is in the business of acting as a purchasing agent for various purchasers, both individual and institutional, wishing to purchase what it sells -- an interest or interests in life insurance policies. Life Partners, Inc. does not purchase interests in life insurance policies to sell to

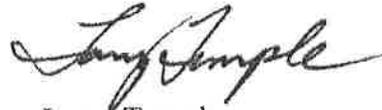


individual investors. Life Partners, Inc. does not sell investments or offer to sell investments in life insurance policies.

You are well aware of the fact that the business in which Life Partners, Inc. engages has been directly held by Texas Courts not to be a security related business. In Griffiths v. Life Partners, Inc., 2004 WL 1178418, (Tex.App. – Waco 2004), the Court expressly held that Life Partners, Inc.'s specific life/viatical settlement transaction does not constitute a security.

Life Partners Holdings, Inc., Life Partners, Inc., Brian Pardo, and R. Scott Peden respectfully assert that the Securities Commissioner has no jurisdiction over the business activities in which the four parties are engaged. Since their activities do not relate to any matter which the Commissioner has authority under the Texas Securities Act, there is not legal basis for the issuance of the subpoenas. Therefore, the parties respectfully decline to provide to provide the information and documents requested by the subpoenas.

Sincerely,



Larry Temple

cc: Life Partners, Inc.
Life Partners Holdings, Inc.
Brian Pardo
R. Scott Peden