

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

**SECURITIES AND EXCHANGE
COMMISSION,**

VS.

**ABC VIATICALS, INC.,
C. KEITH LAMONDA,
and JESSE W. LAMONDA, JR.,**

Defendants,

and

**LAMONDA MANAGEMENT FAMILY
LIMITED PARTNERSHIP,
STRUCTURED LIFE SETTLEMENTS,
INC., BLUE WATER TRUST,
and DESTINY TRUST,**

Relief Defendants.

CIVIL ACTION NO.

3:06-CV-02136-BH

**REFERRED TO THE
U.S. MAGISTRATE JUDGE**

**ANGELO DIAZ GONZALEZ AND AGENCY'S OBJECTION TO
RECEIVER'S MOTION TO SELL ALL INSURANCE POLICIES AND
APPROVE PURCHASE AND SALE AGREEMENT AND
REQUEST FOR EVIDENTIARY HEARING**

TO THE HONORABLE UNITED STATES MAGISTRATE JUDGE IRMA C. RAMIREZ:

COMES NOW Angelo Diaz Gonzalez and Agency (“Diaz”), as agent for approximately 400 of the Puerto Rican Investors (11.4% of the total investors in ABC Viaticals, Inc.) (the “Puerto Rican Investors”), and files this Objection to the Receiver’s Motion to Sell All Insurance Policies and Approve Purchase and Sale Agreement and

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Request for Evidentiary Hearing (the “Motion to Sell”), and would show the Court as follows:

1. The Puerto Rican Investors’ Objection to the Motion to Sell is supported by Shirley Ma (“Ma”), as agent for approximately 2,300 of the Taiwanese investors (65.7% of the total investors in ABC Viaticals) (the “Taiwanese Investors”). Collectively, Diaz and Ma represent approximately 2,700 (or 77.1%) of the 3,500 investors in ABC Viaticals (“ABC”).

2. The Receiver’s motion to sell, docket no. 146, filed on June 30, 2008 (the “Motion to Sell”) seeks authority to sell the 55 insurance policies, with a combined death benefit face value of \$236,240,033.00 (the “Portfolio”), at auction on September 23, 2008, with a stalking horse bid of \$27,100,000.00 by Silver Point Capital Fund, L.P. (“Silver Point”), subject to reduction (if any) pursuant to the provisions of Section 3.3(b) of the Purchase and Sale Agreement between Silver Point and the Receiver, dated effective June 27, 2008 (the “PSA”).

3. Events have taken place subsequent to the filing of the Motion to Sell which are not referenced in the September 15, 2008 Examiner’s Report or Motion to Sell, and which are relevant to the Motion to Sell. Specifically, the Receiver recently collected \$3.1 million in settlement proceeds from the widow of David Goldenberg, a former principal of IFS, who recently committed suicide. These funds were applied to lower the loan balance from \$15 million to \$12 million, thereby creating an additional \$3 million potential surplus for use to fund the ninety (90) day extension and engagement of a life

settlement expert requested by the Puerto Rican Investors, and supported by the Taiwanese Investors.

4. In addition, the Receiver recently received a \$1.2 million refund on an overpayment on a policy, which was not referenced in the Examiner's Report or the Motion to Sell, and which provides additional surplus to fund the ninety (90) day extension and engagement of the life settlement expert.

5. While the Puerto Rican Investors recognize the difficult job and the efforts of the Receiver and Examiner in this case, they respectfully submit that it is absolutely critical to complete a full and thorough independent life estimate update on the remaining policies in the Portfolio. Until that is complete, the Puerto Rican Investors submit that the Court, the investors, the Receiver, and the Examiner do not have enough information to make an informed decision on the Motion to Sell. Accordingly, the Motion to Sell cannot be in the best interests of the investors. The Examiner's Report states that the Receiver explored this issue over a year ago. However, to his credit, the Receiver will be the first to acknowledge that such exploration was never fully completed.

6. Third, there is more than sufficient available funds to pay the premiums through the requested ninety (90) day extension and engagement of the life settlement expert. According to the Receiver, the current payoff on the loan balance with Sovereign Bank is down to \$12 million, and the credit line has recently been increased to \$20 million. According to the Receiver, if he were to request sufficient funds to cover the premiums for the extended period requested (estimated at \$3 million), Sovereign Bank would have to honor such request, given the current \$8 million of available credit on the

line. This Court has already approved the increased line of credit for the Receiver. The use of such funds to complete the expert's engagement would leave an estimated \$5 million of credit and a minimum of \$12 million available for distribution to the investors, even under the worst case scenario of a \$27 million purchase price. Accordingly, the requested use of these funds to potentially enhance the value of the Portfolio multiple times over not only makes good business sense, but it represents no true risk to the investors. Under the PSA, Silver Point or other successful bidders must reimburse the Receiver for such premium payments prior to closing.

7. Contrary to what the Examiner and Receiver may personally believe about the significance and utility of a life estimate update on the marketability and value of the Portfolio, the fact remains that in this niche industry such life estimate updates are generally accepted indicators of value, and such updated estimates may greatly enhance the value of a portfolio. Accordingly, the Puerto Rican Investors are not asking for anything outside the normal contours of this industry. One added benefit to engaging an expert is that the expert can also comment on additional measures to enhance the value of the Portfolio, such as improvement on marketing efforts.

8. Although the Motion to Sell was filed in June 2008, the Examiner did not post a copy of the Motion to Sell in Spanish for the Puerto Rican Investors to consider. According to the Examiner's Report, on July 3, 2008, the Examiner posted such notice on the English and Chinese versions of the website established by the Examiner to communicate with the investors. The lack of any Spanish translation denied sufficient due process and notice to the Puerto Rican Investors of the Motion to Sell and its

potential impact on them. While the Examiner states that he mailed copies of the Motion and Order to all investors in mid-August 2008, the Puerto Rican Investors submit that this was insufficient time for them to engage counsel, retain an appropriate expert, fully respond to the Motion to Sell, and prepare for the evidentiary hearing. The Examiner did not report to this Court that 2,700 investors (who the Examiner is supposed to speak for) oppose this Motion to Sell. There is no reference to the September 14, 2008 correspondence from Puerto Rican Investors' counsel to the Examiner, disclosing the numerous positions and objections of the Puerto Rican and Taiwanese Investors, a copy of which is attached as Exhibit "A."

9. One alternative which neither the Receiver nor the Examiner considered in either the Motion to Sell or the Examiner's Report is the alternative requested by the Puerto Rican Investors (and supported by the Taiwanese Investors) in the Motion for Continuance; to wit, a ninety (90) day continuance of the sale auction to afford time for an independent life settlement expert to review the Portfolio, update the life estimates, provide additional marketing advice, and otherwise work to enhance the value of the Portfolio. This was never done to completion by either the Receiver or the Examiner. This alternative provides the greatest cost/benefit for the investors and has relatively little downside, if any, to the investors, as noted above. When the relative low cost of such an engagement is contrasted with the potential upside of such an engagement, the alternative proposed by the Puerto Rican Investors makes considerable business sense on behalf of the investors.

10. The fact that a super majority (77%) of the investors (the owners of any surplus from any sale of the Portfolio, net of repayment of loans and administrative costs) support the alternative proposed by the Puerto Rican Investors has not been adequately considered in the Examiner's Report, which is somewhat dismissive of the objections that have been lodged to date. The fact that the Examiner, Receiver, and SEC may want to bring closure to this case through a potentially ill-advised sale at this time should not outweigh the wishes of a super majority of the investors who actually own the funds at issue, and who stand to lose most of their life savings on this single proposal. Such a result is unnecessary. The Motion to Sell should be denied, or, in the alternative, should be abated, pending a ninety (90) extension of time to complete the life estimate updates proposed by the Puerto Rican Investors and supported by a super majority of all investors.

11. The Puerto Rican Investors submit to this Court that the denial or abatement of the Motion to Sell is the right thing to do in light of the foregoing reasons, and the fact that this is a court of equity and the Puerto Rican and Taiwanese Investors, foreigners to this Court and process, have so much at stake.

WHEREFORE, the Puerto Rican Investors ask the Court to deny or abate the Motion to Sell for ninety (90) days to allow the life settlement expert to complete his enagement, and for such other and further relief to which the Puerto Rican Investors may show themselves entitled to receive.

Dated: this 17th day of September, 2008.

Respectfully submitted,

/s/ John S. Brannon

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following parties by fax on this 17th day of September, 2008.

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