

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION**

**IN RE:** §  
§  
**AGAP LIFE OFFERINGS, LLC,** § **Case No. 16-40520-btr**  
**AGAP LS 108, LLC,** § **Chapter 11**  
**AGAP LS 109, LLC,** §  
**AGAP LS 209, LLC,** § **(Jointly Administered)**  
**AGAP LS 309, LLC,** §  
**AGAP LS 509, LLC,** §  
  
**Debtors.** §

**FOURTH DISCLOSURE STATEMENT DATED AUGUST 16, 2016**

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## **ARTICLE I:**

### **INTRODUCTION**

#### **Identity of the Debtor**

**1.01** Debtors AGAP Life Offerings, LLC, AGAP LS 108, LLC, AGAP LS 109, LLC, AGAP LS 209, LLC, AGAP LS 309, LLC and AGAP LS 509, LLC (collectively “AGAP Debtors”), Debtors in the specified bankruptcy cases filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. Section 101, et seq. (“Code”) in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division (“Court”), initiating the above-styled and referenced bankruptcy proceeding. The Debtors are operating their businesses as Debtors-in-Possession pursuant to Sections 1107 and 1108 of the Code.

#### **Purpose of This Disclosure; Source of Information**

**1.02** Debtors submit this Disclosure Statement pursuant to Section 1125 of the Code to all known Claimants of Debtors for the purpose of disclosing that information which the Court has determined is material, important, and necessary for Creditors of, and the Members of, Debtors in order to arrive at an intelligent, reasonably informed decision in exercising the right to vote for acceptance or rejection of the Debtors’ Plan. A copy of the Plan is attached hereto as **Exhibit “1”** and incorporated herein by this reference. The Plan sets forth in detail the repayment arrangement between the Debtors and their creditors. This Disclosure describes the operations of the Debtors contemplated under the Plan. Any accounting information contained herein has been provided by the Debtors and has been prepared using the cash method of accounting. This disclosure statement also addresses certain objections from the Office of the U.S. Trustee (“UST”) and a creditor known as 3:10 Capital Investments, L.P. (“3:10”). Now central to the Plan and the future operations of the Debtors will be the formation of ad hoc committees for each Debtor entity to provide advice to the management of the Debtors. Also the Debtors sought and obtained court approval to retain a Chief Restructuring Officer, Bill Short, who is overseeing Plan approval, Plan consummation and the future operations of the Debtors and will replace current management by Jeff and Charles Madden. The terms of Mr. Short’s employment are described in the motion to employ the CRO as well as the order approving his employment. The Debtors have concluded that between the ad hoc committees and the employment of a CRO, this Plan should be able to move forward and avoid the huge expense of a trustee in these cases.

#### **Explanation of Chapter 11**

**1.03** Chapter 11 is the principal reorganization chapter of the Code. Pursuant to Chapter 11, a debtor is authorized to reorganize its business for its own benefit and that of its creditors and equity interest holders. Formulation of a plan of reorganization is the principal purpose of a Chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and interests in the debtor. After a plan of reorganization has been filed, it must be accepted by holders of claims against, or interests in, the debtor. Section 1125 of the Code requires full disclosure before solicitation of acceptances of a plan of reorganization. This Disclosure is presented to Claimants to satisfy the requirements of Section 1125 of the Code.

### **Explanation of the Process of Confirmation**

**1.04** Even if all Classes of Claims accept the plan, its confirmation may be refused by the Court. Section 1129 of the Code sets forth the requirements for confirmation and, among other things, requires that a plan of reorganization be in the best interests of Claimants. It generally requires that the value to be distributed to Claimants and Equity Interest Holders may not be less than such parties would receive if the debtor were liquidated under Chapter 7 of the Code.

**1.05** Acceptance of the plan by the Creditors and Equity Interest Holders is important. In order for the plan to be accepted by each class of claims, the creditors that hold at least two thirds (2/3) in amount and more than one-half (½) in number of the allowed claims actually voting on the plan in such class must vote for the plan and the equity interest holders that hold at least two-thirds (2/3) in amount of the allowed interests actually voting on the plan in such class must vote for the plan. Chapter 11 of the Code does not require that each holder of a claim against, or interest in, the debtor vote in favor of the plan in order for it to be confirmed by the Court. The plan, however, must be accepted by: (i) at least the holder of one (1) class of claims by a majority in number and two-thirds (2/3) in amount of those claims of such class actually voting; or (ii) at least the holders of one (1) class of allowed interests by two-thirds (2/3) in amount of the allowed interests of such class actually voting.

**1.06** The Court may confirm the plan even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a plan over the objection of one or more classes of claims or interests are set forth in Section 1129(b) of the Code.

**1.07** Confirmation of the plan discharges the debtor from all of its pre-confirmation debts and liabilities except as expressly provided for in the plan and Section 1141(d) of the Code. Confirmation makes the plan binding upon the debtor and all claimants, equity interest holders and other parties-in-interest, regardless of whether or not they have accepted the plan. In this case the creditors will be voting by Debtor and class. Some Plans may be approved and others may fail approval. In the event any Plan fails approval the Debtor on the advice of the ad hoc committee and the CRO if employed may elect to submit a further Plan or liquidate the policy made the subject of that particular Plan.

### **Voting Procedures**

**1.08 Unimpaired Class.** There may be classified unimpaired Classes under this Plan. To the extent that any Class is determined to be unimpaired they are deemed to have accepted the Plan.

**1.09 Impaired Classes.** The AGAP 108 Classes 1-5, AGAP 109 Classes 1-5, AGAP 209 Classes 1-5, AGAP 309 Classes 1-5, AGAP 509 Classes 1-5 and AGAP Life Offerings Classes 1-2 are impaired as defined by Section 1124 of the Code. The Debtors are seeking the acceptance of the Plan by Claimants in each of these Classes. Each holder of an Allowed Claim in these Classes may vote on the Plan by completing, dating and signing the ballot sent to each holder and filing the ballot as set forth below. One ballot will be sent to each Claimant eligible to vote on the Plan. For all Classes, the ballots must be returned to Debtors' attorney, Joyce W. Lindauer, Joyce W. Lindauer Attorney, PLLC, 12720 Hillcrest Road, Suite 625, Dallas, Texas 75230 by mail, email

at [joyce@joycelindauer.com](mailto:joyce@joycelindauer.com), or facsimile at (972) 503-4034. In order to be counted, ballots must be **RECEIVED** no later than at the time and on the date stated on the ballot. The Court may designate certain classes as insider classes and to the extent such classes are so designated they may not be counted towards confirmation. The Ballot may also include additional information to be considered by the creditors in voting on the Plan including options to stay in the Plan but not pay future premiums. Such opt in and opt out provisions will be included in the Ballot and are subject to approval by the Court.

**1.10 Acceptances.** Ballots that are signed and returned but fail to indicate either an acceptance or rejection will not be counted.

### **Best Interests of Creditors Test**

**1.11** Section 1129(a)(7) of the **Code** requires that each impaired class of claims or interests accept the **Plan** or receive or retain under the **Plan** on account of such claim or interest, property of a value as of the **Effective Date** of the **Plan**, that is not less than the amount that such holder would so receive or retain if the **Debtors** were liquidated under Chapter 7 of the Bankruptcy **Code**. If Section 1111(b)(2) of the **Code** applies to the claims of such class, each holder of a claim of such class will receive or retain under the **Plan**, on account of such claim, property of a value, as of the **Effective Date** of the **Plan**, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims. In order for the **Plan** to be confirmed, the **Court** must determine that the **Plan** is in the best interests of the **Debtors'** creditors. Accordingly, the proposed plan must provide the **Debtors'** creditors with more than they would receive in a Chapter 7 liquidation. Accordingly, the **Plan** satisfies the requirements of Section 1129(a)(7).

### **Cramdown**

**1.12** The **Court** may confirm the **Plan** even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a plan over the objection of one or more classes of claims or interests are set forth in Section 1129(b) of the **Code**. Accordingly, **Debtors**, as the plan proponents, request the **Court** to determine that the **Plan** does not discriminate unfairly, and is fair and equitable with respect to any objecting creditor. A discussion of the specific requirements for Cramdown of a Plan are set forth starting below.

### **Definition of Impairment**

**1.13** As set forth in section 1124 of the Bankruptcy Code, a class of claims or equity interests is impaired under a plan of reorganization unless, with respect to each claim or equity interest of such class, the plan:

- (a) leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or equity interest; or
- (b) notwithstanding any contractual provision or applicable law that entitles the holder or a claim or equity interest to demand or receive accelerated payment of such claim or equity interest after the occurrence of a default;

- (i) cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code;
- (ii) reinstates the maturity of such claim or interest as it existed before such default;
- (iii) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance on such contractual provision or such applicable law; and
- (iv) does not otherwise alter the legal, equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest.

### **Classification and Treatment of Claims and Interests**

**1.14** The Plan classifies Claims separately in accordance with the Bankruptcy Code and provides different treatment for different classes of Claims.

**1.15** Only holders of Allowed Claims are entitled to receive distributions under the Plan. Allowed Claims are Claims that are not in dispute, are not contingent, are liquidated in amount, and are not subject to objection or estimation. Initial distributions or other transfers of Cash or other consideration specified in the Plan otherwise available to the holders of Allowed Claims will be made on the Effective Date, or (b) the date on which such Claim becomes an Allowed Claim), as otherwise provided in the Plan, or as may be ordered by the Bankruptcy Court.

**1.16** In accordance with the Plan, unless otherwise provided in the Plan or the Confirmation Order, the treatment of any Claim under the Plan will be in full satisfaction, settlement, release, and discharge of and in exchange for each and every Claim.

### **Requirements for Confirmation of the Plan**

**1.17** At the confirmation hearing, the Bankruptcy Court must determine whether the Bankruptcy Code's requirements for confirmation of the Plan have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. As set forth in section 1129 of the Bankruptcy Code, these requirements are as follows:

The plan complies with the applicable provisions of the Bankruptcy Code.

The proponents of the plan comply with the applicable provisions of the Bankruptcy Code.

The plan has been proposed in good faith and not by any means forbidden by law.

Any payment made or promised by the Debtor, by the plan proponents, or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in, or in connection with, the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of the Bankruptcy Court as reasonable.

(A) The proponent of the plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the Debtor, an affiliate of the Debtor participating in a joint plan with the Debtor, or a successor to the Debtor under the plan; and (B) the appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and equity security holders and with public policy; and the proponent of the plan has disclosed the identity of any insider that will be employed or retained by the reorganized Debtor, and the nature of any compensation for such insider.

Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the Debtor has approved any rate change provided for in the plan, or such rate change is expressly conditioned on such approval.

With respect to each impaired class of claims or interests:

(i) each holder of a claim or interest of such class has (A) accepted the plan or (B) will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the Debtor were liquidated on such date under chapter 7 of the Bankruptcy Code on such date; or (ii) if section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, the holder of a claim of such class will receive or retain under the plan on account of such claim property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.

With respect to each class of claims or interests:

- (i) such class has accepted the plan; or
- (ii) such class is not impaired under the plan.

Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that:

- (i) with respect to a claim of a kind specified in section 507(a)(1) or 507(a)(2) of the Bankruptcy Code, on the effective date of the plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim;
- (ii) with respect to a class of claims of a kind specified in section 507(a)(3), 507(a)(4), 507(a)(5) or 507(a)(6) of the Bankruptcy Code, each holder of a claim of such class will receive: (i) if such class has accepted the plan, deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (ii) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim; and
- (iii) with respect to a claim of a kind specified in section 507(a)(7) of the Bankruptcy Code, the holder of a claim will receive on account of such claim deferred cash

payments, over a period not exceeding six years after the date of assessment of such claim, of a value, as of the effective date of the plan, equal to the allowed amount of such claim.

If a class of claims is impaired under the plan, at least one class of claims that is impaired has accepted the plan, determined without including any acceptance of the plan by any insider holding a claim of such class.

If the debtor is required by a judicial or administrative order, or by statute, to pay a domestic support obligation, the debtor has paid all amounts payable under such order or such statute for such obligation that first become payable after the date of the filing of the petition.

Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor under the plan, unless such liquidation or reorganization is proposed in the plan.

All fees payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the hearing on confirmation of the plan, have been paid or the plan provides for the payments of all such fees on the effective date of the plan.

The plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114, at any time prior to confirmation of the plan, for the duration of the period the Debtor has obligated itself to provide such benefits.

The Debtor believes that the Plan satisfies all the statutory requirements of chapter 11 of the Bankruptcy Code, that the Debtor has complied with or will have complied with all the requirements of chapter 11, and that the Plan is proposed in good faith.

At the Confirmation Hearing, the Bankruptcy Court will determine whether holders of Allowed Claims or Allowed Equity Interests would receive greater distributions under the Plan than they would receive in a liquidation under chapter 7.

The Debtors believe that the feasibility requirement for confirmation of the Plan is satisfied by the fact that the Debtors believe that all future operating revenues will be sufficient to satisfy the obligations under the Plan. If at any time such revenues do not sustain the payment of policy premiums then the Debtor that owns such policy may sell such policy to retire the debt owed to its creditors under the Plan. Any sale will be made on the open market for the maximum amounts available for such unmatured policy. These facts and others demonstrating the confirmability of the Plan will be shown at the Confirmation Hearing.

### **Cramdown**

**1.18** The bankruptcy court may confirm a plan of reorganization even though fewer than all the classes of impaired claims and interests accept it. For a plan of reorganization to be confirmed despite its rejection by a class of impaired claims or interests, the proponents of the plan must show, among other things, that the plan does not “discriminate unfairly” and that the plan is “fair and equitable” with respect to each impaired class of claims or interests that has not accepted the plan.

**1.19** “Fair and equitable” has different meanings with respect to the treatment of secured and unsecured claims. As set forth in section 1129(b)(2) of the Bankruptcy Code, those meanings are as follows:

With respect to a class of **secured claims**, the plan provides:

- (a) (i) that the holders of such claims retain the liens securing such claims, whether the property subject to such liens is retained by the Debtor or transferred to another entity, to the extent of the allowed amount of such claims; and
  - (ii) that each holder of a claim of such class receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the plan, of at least the value of such holder’s interest in the estate’s interest in such property;
- (b) for the sale, subject to section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing such claims, free and clear of such liens, with such liens to attach to the proceeds of such sale, and the treatment of such liens on proceeds under clause (a) and (b) of this subparagraph; or
- (c) the realization by such holders of the “indubitable equivalent” of such claims.

With respect to a class of **unsecured claims**, the plan provides:

- (a) that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or
- (b) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or interest any property, except that in a case in which the debtor is an individual, the debtor may retain property included in the estate under section 1115 subject to the requirements that a) the value, as of effective date of the plan, of the property to be distributed under the plan on account of such claim is not less than the amount of such claim; or (b) the value of property to be distributed under the plan is not less than the projected disposable income of the debtor (as defined in section 1325(b)(2)) to be received during the 5-year period beginning on the date that the first payment is due under the plan, or during the period for which the plan provides payments, whichever is longer.

With respect to a class of **interests**, the plan provides:

- (a) that each holder of an interest of such class receive or retain on account of such interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest; or
- (b) that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property.

**1.20** In the event that one or more classes of impaired Claims reject the Plan, the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and equitable with respect to, and does not discriminate unfairly against, any rejecting impaired class of Claims. SO LONG AS THE CLASSES OF UNSECURED CREDITORS VOTE FOR THE PLAN THEN THE PLAN WILL NOT VIOLATE THE ABSOLUTE PRIORITY RULE.

The absolute priority rule requires that prior to the Debtors retaining or receiving any property the senior classes of claims must be paid in full or vote to accept the Plan. In these cases the actual equity ownership of the Debtors is being cancelled and transferred to Life Offerings so the actual ownership of the Debtors is being changed as a part of the Plan and therefore the prior equity owners are not retaining nor receiving any ownership in the Debtors, except Life Offerings. With regard to Life Offerings the actual ownership of Life Offerings is being reallocated and the existing equity owners are having their interests reduced.

The Debtors believe the Plan does not discriminate unfairly against, and is fair and equitable with respect to, each impaired class of Claims.

## **ARTICLE II:**

### **REPRESENTATIONS**

**2.01** This Disclosure is provided pursuant to Section 1125 of the **Code** to all of the **Debtors**' known **Creditors** and other parties in interest in connection with the solicitation of acceptance of its **Plan** of reorganization, as amended or modified. The purpose of this Disclosure is to provide such information as will enable a hypothetical, reasonable investor, typical of the holders of **Claims**, to make an informed judgment in exercising its rights either to accept or reject the **Plan**.

**2.02** The information contained in this Disclosure has been derived from information submitted by the **Debtors**, unless specifically stated to be from other sources.

**2.03** No representations concerning the **Debtors** are authorized by the **Debtors** other than those set forth in this Disclosure. The **Debtors** recommend that any representation or inducement made to secure your acceptance or rejection of the **Plan** which is not contained in this Disclosure should not be relied upon by you in reaching your decision on how to vote on the **Plan**. Any representation or inducement made to you not contained herein should be reported to the attorneys for **Debtors** who shall deliver such information to the **Court** for such action as may be appropriate.

**2.04** ANY BENEFITS OFFERED TO THE CREDITORS ACCORDING TO THE PLAN WHICH MAY CONSTITUTE "SECURITIES" HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("SEC"), THE TEXAS SECURITIES BOARD, OR ANY OTHER RELEVANT GOVERNMENTAL AUTHORITY IN ANY STATE OF THE UNITED STATES. IN ADDITION, NEITHER THE SEC, NOR ANY OTHER GOVERNMENTAL AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE OR UPON THE MERITS OF THE PLAN. ANY REPRESENTATIONS TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

**2.05** THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. FOR THE FOREGOING REASON, AS WELL AS BECAUSE OF THE IMPOSSIBILITY OF MAKING ASSUMPTIONS, ESTIMATES AND PROJECTIONS INTO THE FUTURE WITH ACCURACY, THE DEBTORS ARE UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS COMPLETELY ACCURATE, ALTHOUGH EVERY REASONABLE EFFORT HAS BEEN MADE TO ENSURE THAT SUCH INFORMATION IS ACCURATE. THE APPROVAL BY THE COURT OF THIS DISCLOSURE DOES NOT CONSTITUTE AN ENDORSEMENT BY THE COURT OF THE PLAN OR GUARANTEE THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

**2.06** THE DEBTORS BELIEVE THAT THE PLAN WILL PROVIDE CLAIMANTS WITH AN OPPORTUNITY ULTIMATELY TO RECEIVE MORE THAN THEY WOULD RECEIVE IN A LIQUIDATION OF THE DEBTORS' ASSETS, AND SHOULD BE ACCEPTED. CONSEQUENTLY, THE DEBTORS URGE THAT CLAIMANTS VOTE FOR THE PLAN.

**2.07** DEBTORS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS CORRECT, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE. THE STATEMENTS CONTAINED IN THIS DISCLOSURE ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN.

## **ARTICLE III:**

### **FINANCIAL PICTURE OF THE DEBTORS**

The following discussions are set forth by Debtor entity and may appear redundant as many of the Plan provisions apply the same to each Debtor. The principal asset of each Debtor entity is a life insurance policy, owned by the individual Debtor entity, and that entity is the named beneficiary of that policy.

#### **AGAP LS 108 LLC**

##### **Financial History and Background of the Debtor**

AGAP LS 108 LLC is a Nevada Limited Liability Company formed in 2008 for the purpose of holding a single life insurance policy, receiving and distributing proceeds to investors, collecting and distributing subscriber proceeds to administer the life insurance policy. AGAP LS 108 LLC receives no other sources of revenue other than subscriber contributions prior to the closing of the fund and after the longevity risk carrier failed and further contributions were required to pay ongoing policy premiums and administrative costs. Attached as Exhibit “8” is a breakdown of investor maturity values for each policy.

### Events leading to filing of Bankruptcy

Once each of the AGAP companies (AGAP LS 108 LLC, AGAP LS 109 LLC, AGAP LS 209 LLC, AGAP LS 309 LLC and AGAP LS 509 LLC) was fully funded, each AGAP company operated mostly as expected until the premiums that were escrowed ran out. The exception to this was that in April of 2010, AGAP received a Cease and Desist (C&D) order by the Texas State Securities Board (TSSB) for selling what they believed to be unregistered securities. AGAP spent many months and upwards of \$50,000 for a securities lawyer with a reputable law firm to construct an investment in fractional life settlement to primarily retail investors that was in accordance with both state and applicable federal securities laws. The AGAP companies were advised to offer this investment with the same/similar structure as Life Partners, who offered this same type of investment to retail investors globally. Furthermore, Life Partners had existing case law to support its investment structure and this case law supported the belief that the life settlement investment was not determined to be considered a “security” in the state of Texas and elsewhere. AGAP accepted this advice and sold these investments from 2007 to 2010.

AGAP was given the opportunity to argue against the C&D at the State Office of Administrative Hearings (SOAH) in Austin Texas. While Judge Jenkins, who presided over the hearings, found no evidence of fraud or failure to disclose in both the AGAP marketing materials and investment documents, stating so in both his Proposal for Decision (PFD) and in his responsive supplemental findings, he did agree with the state that he believed the AGAP investment to be consistent with what the TSSB defines as a security. As such, AGAP was ruled to be selling a non-registered security. The commissioner of the TSSB accepted Judge Jenkins findings and the order was affirmed.

On the 23<sup>rd</sup> day from receiving this decision, AGAP officially challenged this ruling at the District Court level. However, the TSSB petitioned the court for a “Plea of Jurisdiction” which meant that, in their view, AGAP had no right to challenge this ruling since AGAP had not filed with the District Court in a timely manner. The TSSB argued that, at some unannounced time during the SOAH proceedings that the AGAP matter, which once was governed by the Administrative Procedures Act (APA) now fell under the Texas Securities Act (TSA) although AGAP was never notified of this change. The difference is that under the APA, AGAP was allowed 30 days to appeal the decision affirmed by the TSSB Commissioner and under the TSA AGAP was given 22 days. Having filed on the 23<sup>rd</sup> day AGAP was, the TSSB argued, not allowed to challenge the commissioners’ findings and subsequent ruling.

Still, this ruling of arbitrary “Act” switching was argued in front of the District Court. AGAP argued that “if” the TSSB is going to change “Acts,” then the TSSB has an obligation to notify the party(s) and at what time the change is going to take effect. AGAP was shocked that the District Court ruled in favor of the State of Texas that there is no obligation of the State to notify or give explanation to the accused party of when they, the TSSB, elect to or not to change

from the APA to the TSA or back again. Perhaps even more discouraging was that AGAP lost this argument again at the Appellate level. AGAP felt that it had no more resources to further advance this argument with the hope that AGAP would be able to argue the merits of the original findings by the Commissioner of the TSSB.

In addition to the TSSB C&D, AGAP also received a C&D from the Texas Department of Insurance (TDI) in late April 2010. However, unlike the TSSB, the TDI sought to freeze all of the AGAP companies' funds that were set aside to pay agents for selling the AGAP investment as well as organizational fees payable to AGAP. AGAP argued this matter at the same SOAH to a disinterested Judge whose findings were a mere recital of the States pleadings. Again, when AGAP appealed this decision, the TDI argued the same Plea of Jurisdiction (POJ) as did the TSSB. However, this POJ argument was thrown out and AGAP was immediately approached by the TDI with the intent to settle prior to bringing this matter to the district court. Having seen how the TSSB matter was handled, AGAP entered into a Consent Order with the TDI. The consent order stated that AGAP would agree not to sell or otherwise procure unregistered insurance without the permission of the TDI, and in turn, the TDI would release (unfreeze) all the money that AGAP had collected for the life settlement investments in the AGAP companies. All legal matters with the TSSB and the TDI wound up almost exactly 3 years after they were initiated in the spring of 2010, with a total cost of near \$1,000,000.

During this time, premiums for each of the policies in the AGAP companies were being paid. They each continued being paid until each policy met its defined maturity date, which coincided with the premium reserve amount set aside to pay premiums in each AGAP company. As the defined maturity date approached, AGAP notified the longevity risk carrier (LRC) with a claim and requested AGAP be notified of how they would like for AGAP to proceed with making a claim. AGAP received no response by mail or phone from the LRC. A brief investigation resulted in AGAP becoming aware that the LRC had, the previous year, lost a lawsuit. The result of this lawsuit, other than hundreds of millions in monetary damages, was the exposure of the LRC's independent financial auditing firm, who, they found, fraudulently over valued the LRC's assets. As a direct result of the lawsuit, the auditing firm faced criminal charges and the LRC filed for bankruptcy. AGAP authorized a legal view on the financial status of the LRC, and even went as far as to drive to the LRC president's home in Mississippi to assist in determining the benefit, if any, of pursuing legal action against the LRC. AGAP made the determination that by pursuing legal action against the LRC would likely cost hundreds of thousands of dollars, which would result in very little, if anything in return. Given the very limited amount of AGAP's capital reserves, the focus quickly turned to keeping the existing life insurance policies held in each of the AGAP companies in force.

At the demise of the LRC, who provided the full payment of the death benefit once the insured for each policy met his previously established life expectancy plus a deferred period of 12 months, AGAP reviewed the AGAP investment contracts for clarity. At this time, premiums that were escrowed to pay ongoing premiums had either ran out or were running out. While AGAP knew that each investor had acknowledged his/her ability to pay ongoing premiums in such a case, AGAP also knew that it would be unexpected and sudden. It was clear to AGAP that it was essential to pay the ongoing premiums on the life insurance policies in order to realize the eventual death benefit. The only means to pay the policy premiums was from the investment contracts investor obligation to do so in such an event as the longevity risk carrier's failure to pay and the insured continuing to live. While AGAP Life Offerings was under no obligation to organize a premium facility to collect premiums to pay ongoing policy premiums, it was believed that without

AGAP's intervention that the policy premiums would not be collected in full and the policy(s) would eventually lapse.

Initially, AGAP used company and personal capital to pay premiums to allow time for the premiums facility to be established and investors to adjust to the sudden and unexpected idea of further expenses associated with their investment. After some time, AGAP started making premium calls to investors for investors to pay their contractual pro-rata obligation of each premium call. It was immediately evident that not all investors were willing or able to pay their pro rata share of the premium calls. Because of this, it became clear that without any long term premium financing the AGAP policies would lapse. Although this was primarily due to the unwillingness or inability for some investors to pay their premium obligation(s), due to AGAP's assumed role, AGAP had ambiguous authority to act in the best interest of those investors who were abiding by their contractual agreement and little recourse to those who were not.

Even though AGAP had begun negotiations with Green Bank for possible short term lending for the AGAP companies, the understanding that investors would continue to dismiss their obligation to pay premiums intensified the need for long term premium financing. Through an accountability board that AGAP had established, an idea was proposed by Rod Sanders as a means for long term premium funding. Included in this proposal was a 5 year agreement to pay the premium shortfalls as they became due for all AGAP policies, as well as purchasing investment contracts at a discount from investors who desired to liquidate. Those investors who chose not to pay premiums and chose not to liquidate would forfeit their entire investment in the AGAP companies. AGAP knew that its contractual authority to forfeit investors due to not paying the pro-rata share of their premium obligation was not explicit. AGAP also knew, and was advised on several occasions by legal counsel, fund managers and business professionals, that continuing to carry those investors who were not willing or able to pay their pro-rata share of the premiums was detrimental to those who were abiding by their contractual obligation and paying their pro rata share of policy premiums. Therefore, it was determined that AGAP must act in the best interest of the policies and therefore the best interest of those who actively abiding by their contractual obligation. Because of this determination, Mr. Sanders founded 3:10 Capital Investment LLC (3:10) in the Spring of 2015 to raise capital from high net worth individuals and qualifying capital partners to supply long term funding for the AGAP companies/policies and to purchase investment contracts at a discount. This endeavor, however, would take some time to ramp up and the need for funding was immediate.

Fortunately, AGAP was able to negotiate a short term loan from Green Bank; but on a limited basis. Green Bank would pay 50% of each premium call and each company (AGAP LS 108/109/209/309/509) would have a limited line of credit projected to last 18 months. For this funding, Green Bank would receive full death benefit collateral on each policy through the insurance carrier and was allowed cross-collateralization from all AGAP companies. At the end of the 18 months, or prior, the plan was for 3:10 to "buy out" Green Bank and take over as a 1<sup>st</sup> position secured creditor. During these 18 months of premium lending, with the exceptions of AGAP LS 108 LLC and AGAP LS 109 LLC, each of the AGAP companies was able to raise enough funds through investor participation to cover the required 50% of premium and therefore required no premium funding from 3:10. In some cases, 3:10 made up the deficiency for AGAP LS 108/109 and in other cases AGAP, through personal loans, made up to differences.

3:10 loaned a total of approximately \$74,000 for policy premiums on AGAP LS 108 and 109 combined. Although it was not required or necessary, 3:10 also paid 2 months of interest of the 18 months of interest payments for all the AGAP lines of credit. After the last interest payment

was made by 3:10, 3:10 notified AGAP that it had had difficulty raising the necessary funds to continue its agreement to fund all the AGAP policies. Mr. Sanders explained that the obstacle in raising money to lend to the AGAP companies because Life Partners, the largest retailer of this type of investment and a publicly traded company, had recently filed chapter 7 bankruptcy and because 3:10 had no power or control over the policies. Mr. Sanders proposed that in lieu of further lending on the AGAP policies, 3:10 would exchange its interest by purchasing either AGAP LS 108 LLC and/or AGAP LS 109 LLC outright. AGAP agreed that if the policies were to be considered for sale, 3:10 would be allowed to bid on them for purchase but could not commit or agree to a non-market attained price. At that time, 3:10 informed AGAP they would no longer be able to provide premium financing and the agreement between AGAP and 3:10 was suspended.

Still, it was evident that the AGAP companies faced a premium collection shortfall in the near future. The lines for all companies were set to expire on January 22<sup>nd</sup> 2016. Although a loan renewal was offered by Green Bank, further cash flow analysis and forecasting showed that further indebtedness was a short term solution with dire consequences in the likely event that some insureds continued to live at the end of the renewable notes term.

AGAP sought advice from business professionals and investors alike. Through those encounters, AGAP was informed that by filing chapter 11 bankruptcies for each AGAP company, AGAP would be given the opportunity to establish operating protocols and “rewrite” the rules, subject to investor majority approval. This, if approved, would allow AGAP the means to effectively manage the AGAP policies and the collection/payment of the AGAP policy premiums through to fruition. Being given the opportunity to collectively and consensually construct a plan with those investors affected by the plan was believed to be the foremost equitable solution. In December of 2015, AGAP notified Green Bank of its plan to reorganize under Chapter 11 bankruptcy with the intention of paying off all debts in full. AGAP’s ability to defer some investor’s premium obligation had expired once the bank lending expired. In February 2016, AGAP filed for Chapter 11 Bankruptcy for AGAP LS 108 LLC, AGAP LS 109 LLC, AGAP LS 209 LLC, AGAP LS 509 LLC and AGAP Life Offerings LLC.

### **Future Income/ Expenses under the Plan**

AGAP LS 108 should have minimal future expenses under the Plan since its policy just matured in June of 2016 with a face amount of \$2,000,000.00. That being the case its policy proceeds will be available to meet its Plan obligations on Confirmation, including paying its creditors with Allowed Claims, its administrative expenses and distributions to its creditor/investors. It will have very minimal ongoing operations other than meeting its Plan payment terms from its policy proceeds.

### **Future Management of Debtors**

The present CRO, Bill Short (“Short”) will remain with the Debtors post confirmation on the same terms as approved by the Court for his retention. Short will act with the same duties and responsibilities he had as CRO. Short shall remain in this position until such time as may be mutually agreed for a termination by Short and the Investor Boards, subject to thirty days advance notice by any party.

Each of the Debtors shall establish post confirmation a board of investors consisting of three individuals with ongoing investment in that particular Debtor (“Investor Board”). The Investor Board for each Debtor shall consult with Short concerning the operations of the Debtor. Short shall consult with the Investor Board of the Debtor on any matter affecting the continuation of the Debtors’ particular Insurance Policy. The Investor Board shall not restrict the actions of Short with respect to a life insurance policy, unless the Investor Board unanimously objects to a proposed action by Short. In the event the Investor Board unanimously objects to a proposed action by Short, Short shall not be authorized to undertake such action. Each Investor Board shall terminate upon the distribution of that Investor Board’s Life Insurance Policy proceeds upon a Final Maturity or a sale.

Both Jeffrey Madden and Charles Madden are the two members of the Debtor entities and both were designated as managing members upon the formation of the entities. Subsequently, by resolution, Chuck Madden designated Jeff Madden as having sole management authority of the Debtor entities except for AGAP Life Offerings, LLC. However, the CRO will have principal management authority and responsibility for the Debtor entities during and following the bankruptcy proceedings. Jeff Madden will remain on to provide a transition and future assistance to the CRO for so long as the CRO requires his assistance.

### **Analysis and Valuation of Property**

With the maturity of the policy of AGAP LS 108, LLC, there is \$2,000,000.00 in death benefits now part of this Plan, once payout from the insurance carrier occurs.

### **Personal Property**

Life Insurance Carrier	Indianapolis Life Insurance Company
Type of Life Insurance Policy	Universal Life Insurance Policy
Death Benefit	\$2,000,000
Insured Gender	Male
Insured D.O.B (Age)	12/29/1926 (89)
Life Expectancy Valuation (in months)	Death has occurred
Valuation Date	02/11/2016
Valuation Company	American Viatical Services (AVS)

*\*\*\* end of AGAP LS 108, LLC\*\*\**

### **AGAP LS 109, LLC**

#### **Financial History and Background of the Debtor**

AGAP LS 109 LLC is a Nevada Limited Liability Company formed in 2008 for the purpose of holding a single life insurance policy, receiving and distributing proceeds to investors, collecting

and distributing subscriber proceeds to administer the life insurance policy. AGAP LS 109 LLC receives no other sources of revenue other than subscriber contributions prior to the closing of the fund and after the longevity risk carrier failed and further contributions were required to pay ongoing policy premiums and administrative costs. Attached as Exhibit “8” is a breakdown of investor maturity values for each policy.

### Events leading to filing of Bankruptcy

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AGAP's intervention that the policy premiums would not be collected in full and the policy(s) would eventually lapse.

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Even though AGAP had begun negotiations with Green Bank for possible short term lending for the AGAP companies, the understanding that investors would continue to dismiss their obligation to pay premiums intensified the need for long term premium financing. Through an accountability board that AGAP had established, an idea was proposed by Rod Sanders as a means for long term premium funding. Included in this proposal was a 5 year agreement to pay the premium shortfalls as they became due for all AGAP policies, as well as purchasing investment contracts at a discount from investors who desired to liquidate. Those investors who chose not to pay premiums and chose not to liquidate would forfeit their entire investment in the AGAP companies. AGAP knew that its contractual authority to forfeit investors due to not paying the pro-rata share of their premium obligation was not explicit. AGAP also knew, and was advised on several occasions by legal counsel, fund managers and business professionals, that continuing to carry those investors who were not willing or able to pay their pro-rata share of the premiums was detrimental to those who were abiding by their contractual obligation and paying their pro rata share of policy premiums. Therefore, it was determined that AGAP must act in the best interest of the policies and therefore the best interest of those who actively abiding by their contractual obligation. Because of this determination, Mr. Sanders founded 3:10 Capital Investment LLC (3:10) in the Spring of 2015 to raise capital from high net worth individuals and qualifying capital partners to supply long term funding for the AGAP companies/policies and to purchase investment contracts at a discount. This endeavor, however, would take some time to ramp up and the need for funding was immediate.

Fortunately, AGAP was able to negotiate a short term loan from Green Bank; but on a limited basis. Green Bank would pay 50% of each premium call and each company (AGAP LS 108/109/209/309/509) would have a limited line of credit projected to last 18 months. For this funding, Green Bank would receive full death benefit collateral on each policy through the insurance carrier and was allowed cross-collateralization from all AGAP companies. At the end of the 18 months, or prior, the plan was for 3:10 to "buy out" Green Bank and take over as a 1<sup>st</sup> position secured creditor. During these 18 months of premium lending, with the exceptions of AGAP LS 108 LLC and AGAP LS 109 LLC, each of the AGAP companies was able to raise enough funds through investor participation to cover the required 50% of premium and therefore required no premium funding from 3:10. In some cases, 3:10 made up the deficiency for AGAP LS 108/109 and in other cases AGAP, through personal loans, made up to differences.

3:10 loaned a total of approximately \$74,000 for policy premiums on AGAP LS 108 and 109 combined. Although it was not required or necessary, 3:10 also paid 2 months of interest of the 18 months of interest payments for all the AGAP lines of credit. After the last interest payment

was made by 3:10, 3:10 notified AGAP that it had had difficulty raising the necessary funds to continue its agreement to fund all the AGAP policies. Mr. Sanders explained that the obstacle in raising money to lend to the AGAP companies because Life Partners, the largest retailer of this type of investment and a publicly traded company, had recently filed chapter 7 bankruptcy and because 3:10 had no power or control over the policies. Mr. Sanders proposed that in lieu of further lending on the AGAP policies, 3:10 would exchange its interest by purchasing either AGAP LS 108 LLC and/or AGAP LS 109 LLC outright. AGAP agreed that if the policies were to be considered for sale, 3:10 would be allowed to bid on them for purchase but could not commit or agree to a non-market attained price. At that time, 3:10 informed AGAP they would no longer be able to provide premium financing and the agreement between AGAP and 3:10 was suspended.

Still, it was evident that the AGAP companies faced a premium collection shortfall in the near future. The lines for all companies were set to expire on January 22<sup>nd</sup> 2016. Although a loan renewal was offered by Green Bank, further cash flow analysis and forecasting showed that further indebtedness was a short term solution with dire consequences in the likely event that some insureds continued to live at the end of the renewable notes term.

AGAP sought advice from business professionals and investors alike. Through those encounters, AGAP was informed that by filing chapter 11 bankruptcies for each AGAP company, AGAP would be given the opportunity to establish operating protocols and “rewrite” the rules, subject to investor majority approval. This, if approved, would allow AGAP the means to effectively manage the AGAP policies and the collection/payment of the AGAP policy premiums through to fruition. Being given the opportunity to collectively and consensually construct a plan with those investors affected by the plan was believed to be the foremost equitable solution. In December of 2015, AGAP notified Green Bank of its plan to reorganize under Chapter 11 bankruptcy with the intention of paying off all debts in full. AGAP’s ability to defer some investor’s premium obligation had expired once the bank lending expired. In February 2016, AGAP filed for Chapter 11 Bankruptcy for AGAP LS 108 LLC, AGAP LS 109 LLC, AGAP LS 209 LLC, AGAP LS 509 LLC and AGAP Life Offerings LLC.

### **Future Income expense under the plan**

#### **5 YEAR ANTICIPATED EXPENSES**

	<b>2016</b>	<b>2017<sup>1</sup></b>	<b>2018<sup>1</sup></b>	<b>2019<sup>1</sup></b>	<b>2020<sup>1</sup></b>
<b>Annual Premium Expense</b>	<b>\$279,516.25</b>	<b>\$381,064.82</b>	<b>\$390,502.18</b>	<b>\$410,581.27</b>	<b>\$434,159.99</b>
<b>Administrative Charge<sup>2</sup></b>	<b>\$19,275.86</b>	<b>\$19,275.86</b>	<b>\$19,275.86</b>	<b>\$19,275.86</b>	<b>\$19,275.86</b>

#### **5 YEAR ANTICIPATED INCOME/REVENUES**

<sup>1</sup> Denotes the estimated amount (only the current policy year has been optimized for purposes of determining the actual premium amount due)

<sup>2</sup> Admin charge is currently 0.85% of investors subscription amount (ex: \$100,000 x 0.0085=\$850.00 annually)

The only source of revenue for AGAP LS 109, LLC is the subscriber's contributions to pay the pro-rata share of premiums for the AGAP LS 109, LLC policy as they become due, plus the administrative charge and, for investors with unpaid premium or administrative charges, the accrued interest (calculated at 15% per annum up to the date the Chapter 11 petition was filed, and 6% per annum post-petition, pursuant to the Plan). No other source is expected with the exception of the maturity of the \$5,000,000 universal life insurance policy held in AGAP LS 109 LLC. To the extent that the Debtor is unable to maintain its policy premiums from funds raised from its investor/creditors then it will sell the unmatured policy. The expected sales proceeds from such a sale are \$1,250,000.00.

### **Future Management of Debtors**

The present CRO, Short, will remain with the Debtors post confirmation on the same terms as approved by the Court for his retention. Short will act with the same duties and responsibilities he had as CRO. Short shall remain in this position until such time as may be mutually agreed for a termination by Short and the Investor Boards, subject to thirty days advance notice by any party.

Each of the Debtors shall establish post confirmation a board of investors consisting of three individuals with ongoing investment in that particular Debtor ("Investor Board"). The Investor Board for each Debtor shall consult with Short concerning the operations of the Debtor. Short shall consult with the Investor Board of the Debtor on any matter affecting the continuation of the Debtors' particular Insurance Policy. The Investor Board shall not restrict the actions of Short with respect to a life insurance policy, unless the Investor Board unanimously objects to a proposed action by Short. In the event the Investor Board unanimously objects to a proposed action by Short, Short shall not be authorized to undertake such action. Each Investor Board shall terminate upon the distribution of that Investor Board's Life Insurance Policy proceeds upon a Final Maturity or a sale.

Both Jeffrey Madden and Charles Madden are the two members of the Debtor entities and both were designated as managing members upon the formation of the entities. Subsequently, by resolution, Chuck Madden designated Jeff Madden as having sole management authority of the Debtor entities except for AGAP Life Offerings, LLC. However, the CRO will have principal management authority and responsibility for the Debtor entities during and following the bankruptcy proceedings. Jeff Madden will remain on to provide a transition and future assistance to the CRO for so long as the CRO requires his assistance.

### **Analysis and Valuation of Property**

In December 2014 AGAP received a verbal value on the AGAP LS 109 LLC policy to purchase for the amount of \$1,000,000 (20% of face value). At the time of the valuation the insured for the policy held within AGAP LS 109 LLC was 89 years old and given a life expectancy valuation (LE) of 50 months. Both the LE and the age of the insured are two of the most critical variables in determining a policy's value. Other factors include the anticipated cost of insurance premium estimates during the anticipated life of the policy. In January of 2016, AGAP requested

an updated LE but that LE has not yet been acquired. The insured current age as of May 18, 2016 is 90 years old. Three different life settlement purchasing companies have shown interest in purchasing the AGAP LS 109 LLC policy. Given the age of the insured and the anticipated deteriorating LE, it is projected that the AGAP LS 109 LLC policy would receive a bid price between \$1,000,000 and \$1,250,000 if sold. All LE's have been underwritten by American Viatical Services (AVS).

## Personal Property

Life Insurance Carrier	John Hancock Life Insurance Company
Type of Life Insurance Policy	Universal Life Insurance Policy
Death Benefit	\$5,000,000
Insured Gender	Male
Insured D.O.B (Age)	02/16/1926 (90)
Life Expectancy Valuation (in months)	50
Valuation Date	12/29/2014
Valuation Company	American Viatical Services (AVS)

\*\*\* end of AGAP LS 109, LLC\*\*\*

## AGAP LS 209, LLC

### Financial History and Background of the Debtor

AGAP LS 209 LLC is a Nevada Limited Liability Company formed in 2009 for the purpose of holding a single life insurance policy, receiving and distributing proceeds to investors, collecting and distributing subscriber proceeds to administer the life insurance policy. AGAP LS 209 LLC receives no other sources of revenue other than subscriber contributions prior to the closing of the fund and after the longevity risk carrier failed and further contributions were required to pay ongoing policy premiums and administrative costs. Attached as Exhibit “8” is a breakdown of investor maturity values for each policy.

### Events leading to filing of Bankruptcy

Once each of the AGAP companies (AGAP LS 108 LLC, AGAP LS 109 LLC, AGAP LS 209 LLC, AGAP LS 309 LLC and AGAP LS 509 LLC) was fully funded, each AGAP company operated mostly as expected until the premiums that were escrowed ran out. The exception to this was that in April of 2010, AGAP received a Cease and Desist (C&D) order by the Texas State Securities Board (TSSB) for selling what they believed to be unregistered securities. AGAP spent many months and upwards of \$50,000 for a securities lawyer with a reputable law firm to construct an investment in fractional life settlement to primarily retail investors that was in accordance with both state and applicable federal securities laws. The AGAP companies were advised to offer this

investment with the same/similar structure as Life Partners, who offered this same type of investment to retail investors globally. Furthermore, Life Partners had existing case law to support its investment structure and this case law supported the belief that the life settlement investment was not determined to be considered a “security” in the state of Texas and elsewhere. AGAP accepted this advice and sold these investments from 2007 to 2010.

AGAP was given the opportunity to argue against the C&D at the State Office of Administrative Hearings (SOAH) in Austin Texas. While Judge Jenkins, who presided over the hearings, found no evidence of fraud or failure to disclose in both the AGAP marketing materials and investment documents, stating so in both his Proposal for Decision (PFD) and in his responsive supplemental findings, he did agree with the state that he believed the AGAP investment to be consistent with what the TSSB defines as a security. As such, AGAP was ruled to be selling a non-registered security. The commissioner of the TSSB accepted Judge Jenkins findings and the order was affirmed.

On the 23<sup>rd</sup> day from receiving this decision, AGAP officially challenged this ruling at the District Court level. However, the TSSB petitioned the court for a “Plea of Jurisdiction” which meant that, in their view, AGAP had no right to challenge this ruling since AGAP had not filed with the District Court in a timely manner. The TSSB argued that, at some unannounced time during the SOAH proceedings that the AGAP matter, which once was governed by the Administrative Procedures Act (APA) now fell under the Texas Securities Act (TSA) although AGAP was never notified of this change. The difference is that under the APA, AGAP was allowed 30 days to appeal the decision affirmed by the TSSB Commissioner and under the TSA AGAP was given 22 days. Having filed on the 23<sup>rd</sup> day AGAP was, the TSSB argued, not allowed to challenge the commissioners’ findings and subsequent ruling.

Still, this ruling of arbitrary “Act” switching was argued in front of the District Court. AGAP argued that “if” the TSSB is going to change “Acts,” then the TSSB has an obligation to notify the party(s) and at what time the change is going to take effect. AGAP was shocked that the District Court ruled in favor of the State of Texas that there is no obligation of the State to notify or give explanation to the accused party of when they, the TSSB, elect to or not to change from the APA to the TSA or back again. Perhaps even more discouraging was that AGAP lost this argument again at the Appellate level. AGAP felt that it had no more resources to further advance this argument with the hope that AGAP would be able to argue the merits of the original findings by the Commissioner of the TSSB.

In addition to the TSSB C&D, AGAP also received a C&D from the Texas Department of Insurance (TDI) in late April 2010. However, unlike the TSSB, the TDI sought to freeze all of the AGAP companies’ funds that were set aside to pay agents for selling the AGAP investment as well as organizational fees payable to AGAP. AGAP argued this matter at the same SOAH to a disinterested Judge whose findings were a mere recital of the States pleadings. Again, when AGAP appealed this decision, the TDI argued the same Plea of Jurisdiction (POJ) as did the TSSB. However, this POJ argument was thrown out and AGAP was immediately approached by the TDI with the intent to settle prior to bringing this matter to the district court. Having seen how the TSSB matter was handled, AGAP entered into a Consent Order with the TDI. The consent order stated that AGAP would agree not to sell or otherwise procure unregistered insurance without the permission of the TDI, and in turn, the TDI would release (unfreeze) all the money that AGAP had collected for the life settlement investments in the AGAP companies. All legal matters with the TSSB and the TDI wound up almost exactly 3 years after they were initiated in the spring of 2010, with a total cost of near \$1,000,000.

During this time, premiums for each of the policies in the AGAP companies were being paid. They each continued being paid until each policy met its defined maturity date, which coincided with the premium reserve amount set aside to pay premiums in each AGAP company. As the defined maturity date approached, AGAP notified the longevity risk carrier (LRC) with a claim and requested AGAP be notified of how they would like for AGAP to proceed with making a claim. AGAP received no response by mail or phone from the LRC. A brief investigation resulted in AGAP becoming aware that the LRC had, the previous year, lost a lawsuit. The result of this lawsuit, other than hundreds of millions in monetary damages, was the exposure of the LRC's independent financial auditing firm, who, they found, fraudulently over valued the LRC's assets. As a direct result of the lawsuit, the auditing firm faced criminal charges and the LRC filed for bankruptcy. AGAP authorized a legal view on the financial status of the LRC, and even went as far as to drive to the LRC president's home in Mississippi to assist in determining the benefit, if any, of pursuing legal action against the LRC. AGAP made the determination that by pursuing legal action against the LRC would likely cost hundreds of thousands of dollars, which would result in very little, if anything in return. Given the very limited amount of AGAP's capital reserves, the focus quickly turned to keeping the existing life insurance policies held in each of the AGAP companies in force.

At the demise of the LRC, who provided the full payment of the death benefit once the insured for each policy met his previously established life expectancy plus a deferred period of 12 months, AGAP reviewed the AGAP investment contracts for clarity. At this time, premiums that were escrowed to pay ongoing premiums had either ran out or were running out. While AGAP knew that each investor had acknowledged his/her ability to pay ongoing premiums in such a case, AGAP also knew that it would be unexpected and sudden. It was clear to AGAP that it was essential to pay the ongoing premiums on the life insurance policies in order to realize the eventual death benefit. The only means to pay the policy premiums was from the investment contracts investor obligation to do so in such an event as the longevity risk carrier's failure to pay and the insured continuing to live. While AGAP Life Offerings was under no obligation to organize a premium facility to collect premiums to pay ongoing policy premiums, it was believed that without AGAP's intervention that the policy premiums would not be collected in full and the policy(s) would eventually lapse.

Initially, AGAP used company and personal capital to pay premiums to allow time for the premiums facility to be established and investors to adjust to the sudden and unexpected idea of further expenses associated with their investment. After some time, AGAP started making premium calls to investors for investors to pay their contractual pro-rata obligation of each premium call. It was immediately evident that not all investors were willing or able to pay their pro rata share of the premium calls. Because of this, it became clear that without any long term premium financing the AGAP policies would lapse. Although this was primarily due to the unwillingness or inability for some investors to pay their premium obligation(s), due to AGAP's assumed role, AGAP had ambiguous authority to act in the best interest of those investors who were abiding by their contractual agreement and little recourse to those who were not.

Even though AGAP had begun negotiations with Green Bank for possible short term lending for the AGAP companies, the understanding that investors would continue to dismiss their obligation to pay premiums intensified the need for long term premium financing. Through an accountability board that AGAP had established, an idea was proposed by Rod Sanders as a means for long term premium funding. Included in this proposal was a 5 year agreement to pay the premium shortfalls as they became due for all AGAP policies, as well as purchasing investment

contracts at a discount from investors who desired to liquidate. Those investors who chose not to pay premiums and chose not to liquidate would forfeit their entire investment in the AGAP companies. AGAP knew that its contractual authority to forfeit investors due to not paying the pro-rata share of their premium obligation was not explicit. AGAP also knew, and was advised on several occasions by legal counsel, fund managers and business professionals, that continuing to carry those investors who were not willing or able to pay their pro-rata share of the premiums was detrimental to those who were abiding by their contractual obligation and paying their pro rata share of policy premiums. Therefore, it was determined that AGAP must act in the best interest of the policies and therefore the best interest of those who actively abiding by their contractual obligation. Because of this determination, Mr. Sanders founded 3:10 Capital Investment LLC (3:10) in the Spring of 2015 to raise capital from high net worth individuals and qualifying capital partners to supply long term funding for the AGAP companies/policies and to purchase investment contracts at a discount. This endeavor, however, would take some time to ramp up and the need for funding was immediate.

Fortunately, AGAP was able to negotiate a short term loan from Green Bank; but on a limited basis. Green Bank would pay 50% of each premium call and each company (AGAP LS 108/109/209/309/509) would have a limited line of credit projected to last 18 months. For this funding, Green Bank would receive full death benefit collateral on each policy through the insurance carrier and was allowed cross-collateralization from all AGAP companies. At the end of the 18 months, or prior, the plan was for 3:10 to “buy out” Green Bank and take over as a 1<sup>st</sup> position secured creditor. During these 18 months of premium lending, with the exceptions of AGAP LS 108 LLC and AGAP LS 109 LLC, each of the AGAP companies was able to raise enough funds through investor participation to cover the required 50% of premium and therefore required no premium funding from 3:10. In some cases, 3:10 made up the deficiency for AGAP LS 108/109 and in other cases AGAP, through personal loans, made up to differences.

3:10 loaned a total of approximately \$74,000 for policy premiums on AGAP LS 108 and 109 combined. Although it was not required or necessary, 3:10 also paid 2 months of interest of the 18 months of interest payments for all the AGAP lines of credit. After the last interest payment was made by 3:10, 3:10 notified AGAP that it had had difficulty raising the necessary funds to continue its agreement to fund all the AGAP policies. Mr. Sanders explained that the obstacle in raising money to lend to the AGAP companies because Life Partners, the largest retailer of this type of investment and a publicly traded company, had recently filed chapter 7 bankruptcy and because 3:10 had no power or control over the policies. Mr. Sanders proposed that in lieu of further lending on the AGAP policies, 3:10 would exchange its interest by purchasing either AGAP LS 108 LLC and/or AGAP LS 109 LLC outright. AGAP agreed that if the policies were to be considered for sale, 3:10 would be allowed to bid on them for purchase but could not commit or agree to a non-market attained price. At that time, 3:10 informed AGAP they would no longer be able to provide premium financing and the agreement between AGAP and 3:10 was suspended.

Still, it was evident that the AGAP companies faced a premium collection shortfall in the near future. The lines for all companies were set to expire on January 22<sup>nd</sup> 2016. Although a loan renewal was offered by Green Bank, further cash flow analysis and forecasting showed that further indebtedness was a short term solution with dire consequences in the likely event that some insureds continued to live at the end of the renewable notes term.

AGAP sought advice from business professionals and investors alike. Through those encounters, AGAP was informed that by filing chapter 11 bankruptcies for each AGAP company, AGAP would be given the opportunity to establish operating protocols and “rewrite” the rules,

subject to investor majority approval. This, if approved, would allow AGAP the means to effectively manage the AGAP policies and the collection/payment of the AGAP policy premiums through to fruition. Being given the opportunity to collectively and consensually construct a plan with those investors affected by the plan was believed to be the foremost equitable solution. In December of 2015, AGAP notified Green Bank of its plan to reorganize under Chapter 11 bankruptcy with the intention of paying off all debts in full. AGAP's ability to defer some investor's premium obligation had expired once the bank lending expired. In February 2016, AGAP filed for Chapter 11 Bankruptcy for AGAP LS 108 LLC, AGAP LS 109 LLC, AGAP LS 209 LLC, AGAP LS 509 LLC and AGAP Life Offerings LLC.

### Future Income expense under the plan

#### 5 YEAR ANTICIPATED EXPENSES

	2016	2017 <sup>3</sup>	2018 <sup>3</sup>	2019 <sup>3</sup>	2020 <sup>3</sup>
<b>Annual Premium Expense</b>	<b>\$283,147.25</b>	<b>\$443,863.64</b>	<b>\$484,827.63</b>	<b>\$520,177.67</b>	<b>\$566,176.51</b>
<b>Administrative Charge<sup>4</sup></b>	<b>\$20,514.82</b>	<b>\$20,514.82</b>	<b>\$20,514.82</b>	<b>\$20,514.82</b>	<b>\$20,514.82</b>

#### 5 YEAR ANTICIPATED INCOME/REVENUES

The only source of revenue for AGAP LS 209 LLC is the subscriber's contributions to pay the pro-rata share of premiums for the AGAP LS 209 LLC policy as they become due, plus the administrative charge and, for investors with unpaid premium or administrative charges, the accrued interest (calculated at 15% per annum up to the date the Chapter 11 petition was filed, and 6% per annum post-petition, pursuant to the Plan). No other source is expected with the exception of the maturity of the \$5,000,000 universal life insurance policy held in AGAP LS 209 LLC. To the extent that the Debtor is unable to maintain its policy premiums from funds raised from its investor/creditors then it will sell the unmatured policy. The expected sales proceeds from such a sale are less than \$500,000.00.

### Future Management of Debtors

The present CRO, Short, will remain with the Debtors post confirmation on the same terms as approved by the Court for his retention. Short will act with the same duties and responsibilities he had as CRO. Short shall remain in this position until such time as may be mutually agreed for a termination by Short and the Investor Boards, subject to thirty days advance notice by any party.

Each of the Debtors shall establish post confirmation a board of investors consisting of three individuals with ongoing investment in that particular Debtor ("Investor Board"). The

<sup>3</sup> Denotes the estimated amount (only the current policy year has been optimized for purposes of determining the actual premium amount due).

<sup>4</sup> Administrative charge is currently 0.85% of investors subscription amount (ex: \$100,000 x 0.0085=\$850.00 annually)

Investor Board for each Debtor shall consult with Short concerning the operations of the Debtor. Short shall consult with the Investor Board of the Debtor on any matter affecting the continuation of the Debtors' particular Insurance Policy. The Investor Board shall not restrict the actions of Short with respect to a life insurance policy, unless the Investor Board unanimously objects to a proposed action by Short. In the event the Investor Board unanimously objects to a proposed action by Short, Short shall not be authorized to undertake such action. Each Investor Board shall terminate upon the distribution of that Investor Board's Life Insurance Policy proceeds upon a Final Maturity or a sale.

Both Jeffrey Madden and Charles Madden are the two members of the Debtor entities and both were designated as managing members upon the formation of the entities. Subsequently, by resolution, Chuck Madden designated Jeff Madden as having sole management authority of the Debtor entities except for AGAP Life Offerings, LLC. However, the CRO will have principal management authority and responsibility for the Debtor entities during and following the bankruptcy proceedings. Jeff Madden will remain on to provide a transition and future assistance to the CRO for so long as the CRO requires his assistance.

### **Analysis and Valuation of Property**

In March 2014, AGAP sought a valuation on the AGAP LS 209 LLC policy to purchase. At that time, no bid was given for the AGAP LS 209 policy. At the time of the requested valuation the insured for the policy held within AGAP LS 209 LLC was 87 years old and given a life expectancy valuation (LE) of 95 months. Both the LE and the age of the insured are two of the most critical variables in determining a policy's value. Other factors include the anticipated cost of insurance premium estimates during the anticipated life of the policy. In January of 2016, an updated LE was acquired and was stated at 89 months with the insureds attained age of 88. The insured current age as of May 18, 2016 is 88 years old. Although previously no bid was given for the purchase of the AGAP LS 209 LLC policy, three different life settlement purchasing companies have shown interest in purchasing some or all of the AGAP policies. However, given the age of the insured, the slowly deteriorating LE, and anticipated increase of the cost of insurance at the carrier level, it is projected that the AGAP LS 209 LLC policy would receive a bid price between \$0.00 and \$150,000 if sold. All LE's have been underwritten by American Viatical Services (AVS).

### **Personal Property**

Life Insurance Carrier	AXA Equitable Life Insurance Company
Type of Life Insurance Policy	Universal Life Insurance Policy
Death Benefit	\$5,000,000
Insured Gender	Female
Insured D.O.B (Age)	11/19/1927 (88)
Life Expectancy Valuation (in months)	89
Valuation Date	01/22/2016
Valuation Company	American Viatical Services (AVS)

\*\*\* end of AGAP LS 209, LLC\*\*\*

## **AGAP LS 309 LLC**

### **Financial History and Background of the Debtor**

AGAP LS 309 LLC is a Nevada Limited Liability Company formed in 2009 for the purpose of holding a single life insurance policy, receiving and distributing proceeds to investors, collecting and distributing subscriber proceeds to administer the life insurance policy. AGAP LS 309 LLC receives no other sources of revenue other than subscriber contributions prior to the closing of the fund and after the longevity risk carrier failed and further contributions were required to pay ongoing policy premiums and administrative costs. Attached as Exhibit “8” is a breakdown of investor maturity values for each policy.

### **Events leading to filing of Bankruptcy**

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On the 23<sup>rd</sup> day from receiving this decision, AGAP officially challenged this ruling at the District Court level. However, the TSSB petitioned the court for a “Plea of Jurisdiction” which meant that, in their view, AGAP had no right to challenge this ruling since AGAP had not filed with the District Court in a timely manner. The TSSB argued that, at some unannounced time during the SOAH proceedings that the AGAP matter, which once was governed by the Administrative Procedures Act (APA) now fell under the Texas Securities Act (TSA) although AGAP was never notified of this change. The difference is that under the APA, AGAP was

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## Future Income expense under the plan

### 5 year anticipated expenses

	2016	2017 <sup>5</sup>	2018 <sup>5</sup>	2019 <sup>5</sup>	2020 <sup>5</sup>
<b>Annual Premium Expense</b>	<b>\$149,251.01</b>	<b>\$325,298.24</b>	<b>\$217,888.89</b>	<b>\$305,787.59</b>	<b>\$250,801.11</b>
<b>Administrative Charge<sup>6</sup></b>	<b>\$19,606.52</b>	<b>\$19,606.52</b>	<b>\$19,606.52</b>	<b>\$19,606.52</b>	<b>\$19,606.52</b>

### 5 YEAR ANTICIPATED INCOME/REVENUES

The only source of revenue for AGAP LS 309 LLC is the subscriber's contributions to pay the pro-rata share of premiums for the AGAP LS 309 LLC policy as they become due, plus the administrative charge and, for investors with unpaid premium or administrative charges, the accrued interest (calculated at 15% per annum up to the date the Chapter 11 petition was filed, and 6% per annum post-petition, pursuant to the Plan). No other source is expected with the exception of the maturity of the \$5,000,000 universal life insurance policy held in AGAP LS 309 LLC. To the extent that the Debtor is unable to maintain its policy premiums from funds raised from its investor/creditors then it will sell the unmatured policy. The expected sales proceeds from such a sale are less than \$500,000.00.

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<sup>5</sup> Denotes the estimated amount (only the current policy year has been optimized for purposes of determining the actual premium amount due).

<sup>6</sup> Administrative charge is currently 0.85% of investors subscription amount (ex: \$100,000 x 0.0085=\$850.00 annually)

Both Jeffrey Madden and Charles Madden are the two members of the Debtor entities and both were designated as managing members upon the formation of the entities. Subsequently, by resolution, Chuck Madden designated Jeff Madden as having sole management authority of the Debtor entities except for AGAP Life Offerings, LLC. However, the CRO will have principal management authority and responsibility for the Debtor entities during and following the bankruptcy proceedings. Jeff Madden will remain on to provide a transition and future assistance to the CRO for so long as the CRO requires his assistance.

### **Analysis and Valuation of Property**

In March 2015 AGAP received a verbal value on the AGAP LS 309 LLC policy to purchase for the amount of \$250,000 (5% of face value). At the time of the valuation, the insured for the policy held within AGAP LS 309 LLC was 84 years old and given a life expectancy valuation (LE) of 98 months. Both the LE and the age of the insured are two of the most critical variables in determining a policy's value. Other factors include the anticipated cost of insurance premium estimates during the anticipated life of the policy. In February of 2016 an updated LE was acquired and was stated at 65 months with the insureds attained age of 85. Three different life settlement purchasing companies have shown interest in purchasing the AGAP LS 309 LLC policy. Given the age of the insured and the materially deteriorating LE, it is projected that the AGAP LS 309 LLC policy would receive a bid price between \$300,000 and \$500,000, if sold. All LE's have been underwritten by American Viatical Services (AVS).

### **Personal Property**

Life Insurance Carrier	American National Insurance Company
Type of Life Insurance Policy	Universal Life Insurance Policy
Death Benefit	\$5,000,000
Insured Gender	Male
Insured D.O.B (Age)	03/12/1931 (85)
Life Expectancy Valuation (in months)	65
Valuation Date	01/22/2016
Valuation Company	American Viatical Services (AVS)

\*\*\* end of AGAP LS 309, LLC\*\*\*

### **AGAP LS 509, LLC**

#### **Financial History and Background of the Debtor**

AGAP LS 509 LLC is a Nevada Limited Liability Company formed in 2009 for the purpose of holding a single life insurance policy, receiving and distributing proceeds to investors, collecting and distributing subscriber proceeds to administer the life insurance policy. AGAP LS 509 LLC

receives no other sources of revenue other than subscriber contributions prior to the closing of the fund and after the longevity risk carrier failed and further contributions were required to pay ongoing policy premiums and administrative costs. Attached as Exhibit “8” is a breakdown of investor maturity values for each policy.

### **Events leading to filing of Bankruptcy**

Once each of the AGAP companies (AGAP LS 108 LLC, AGAP LS 109 LLC, AGAP LS 209 LLC, AGAP LS 309 LLC and AGAP LS 509 LLC) was fully funded, each AGAP company operated mostly as expected until the premiums that were escrowed ran out. The exception to this was that in April of 2010, AGAP received a Cease and Desist (C&D) order by the Texas State Securities Board (TSSB) for selling what they believed to be unregistered securities. AGAP spent many months and upwards of \$50,000 for a securities lawyer with a reputable law firm to construct an investment in fractional life settlement to primarily retail investors that was in accordance with both state and applicable federal securities laws. The AGAP companies were advised to offer this investment with the same/similar structure as Life Partners, who offered this same type of investment to retail investors globally. Furthermore, Life Partners had existing case law to support its investment structure and this case law supported the belief that the life settlement investment was not determined to be considered a “security” in the state of Texas and elsewhere. AGAP accepted this advice and sold these investments from 2007 to 2010.

AGAP was given the opportunity to argue against the C&D at the State Office of Administrative Hearings (SOAH) in Austin Texas. While Judge Jenkins, who presided over the hearings, found no evidence of fraud or failure to disclose in both the AGAP marketing materials and investment documents, stating so in both his Proposal for Decision (PFD) and in his responsive supplemental findings, he did agree with the state that he believed the AGAP investment to be consistent with what the TSSB defines as a security. As such, AGAP was ruled to be selling a non-registered security. The commissioner of the TSSB accepted Judge Jenkins findings and the order was affirmed.

On the 23<sup>rd</sup> day from receiving this decision, AGAP officially challenged this ruling at the District Court level. However, the TSSB petitioned the court for a “Plea of Jurisdiction” which meant that, in their view, AGAP had no right to challenge this ruling since AGAP had not filed with the District Court in a timely manner. The TSSB argued that, at some unannounced time during the SOAH proceedings that the AGAP matter, which once was governed by the Administrative Procedures Act (APA) now fell under the Texas Securities Act (TSA) although AGAP was never notified of this change. The difference is that under the APA, AGAP was allowed 30 days to appeal the decision affirmed by the TSSB Commissioner and under the TSA AGAP was given 22 days. Having filed on the 23<sup>rd</sup> day AGAP was, the TSSB argued, not allowed to challenge the commissioners’ findings and subsequent ruling.

Still, this ruling of arbitrary “Act” switching was argued in front of the District Court. AGAP argued that “if” the TSSB is going to change “Acts,” then the TSSB has an obligation to notify the party(s) and at what time the change is going to take effect. AGAP was shocked that the District Court ruled in favor of the State of Texas that there is no obligation of the State to notify or give explanation to the accused party of when they, the TSSB, elect to or not to change from the APA to the TSA or back again. Perhaps even more discouraging was that AGAP lost this argument again at the Appellate level. AGAP felt that it had no more resources to further

advance this argument with the hope that AGAP would be able to argue the merits of the original findings by the Commissioner of the TSSB.

In addition to the TSSB C&D, AGAP also received a C&D from the Texas Department of Insurance (TDI) in late April 2010. However, unlike the TSSB, the TDI sought to freeze all of the AGAP companies' funds that were set aside to pay agents for selling the AGAP investment as well as organizational fees payable to AGAP. AGAP argued this matter at the same SOAH to a disinterested Judge whose findings were a mere recital of the States pleadings. Again, when AGAP appealed this decision, the TDI argued the same Plea of Jurisdiction (POJ) as did the TSSB. However, this POJ argument was thrown out and AGAP was immediately approached by the TDI with the intent to settle prior to bringing this matter to the district court. Having seen how the TSSB matter was handled, AGAP entered into a Consent Order with the TDI. The consent order stated that AGAP would agree not to sell or otherwise procure unregistered insurance without the permission of the TDI, and in turn, the TDI would release (unfreeze) all the money that AGAP had collected for the life settlement investments in the AGAP companies. All legal matters with the TSSB and the TDI wound up almost exactly 3 years after they were initiated in the spring of 2010, with a total cost of near \$1,000,000.

During this time, premiums for each of the policies in the AGAP companies were being paid. They each continued being paid until each policy met its defined maturity date, which coincided with the premium reserve amount set aside to pay premiums in each AGAP company. As the defined maturity date approached, AGAP notified the longevity risk carrier (LRC) with a claim and requested AGAP be notified of how they would like for AGAP to proceed with making a claim. AGAP received no response by mail or phone from the LRC. A brief investigation resulted in AGAP becoming aware that the LRC had, the previous year, lost a lawsuit. The result of this lawsuit, other than hundreds of millions in monetary damages, was the exposure of the LRC's independent financial auditing firm, who, they found, fraudulently over valued the LRC's assets. As a direct result of the lawsuit, the auditing firm faced criminal charges and the LRC filed for bankruptcy. AGAP authorized a legal view on the financial status of the LRC, and even went as far as to drive to the LRC president's home in Mississippi to assist in determining the benefit, if any, of pursuing legal action against the LRC. AGAP made the determination that by pursuing legal action against the LRC would likely cost hundreds of thousands of dollars, which would result in very little, if anything in return. Given the very limited amount of AGAP's capital reserves, the focus quickly turned to keeping the existing life insurance policies held in each of the AGAP companies in force.

At the demise of the LRC, who provided the full payment of the death benefit once the insured for each policy met his previously established life expectancy plus a deferred period of 12 months, AGAP reviewed the AGAP investment contracts for clarity. At this time, premiums that were escrowed to pay ongoing premiums had either ran out or were running out. While AGAP knew that each investor had acknowledged his/her ability to pay ongoing premiums in such a case, AGAP also knew that it would be unexpected and sudden. It was clear to AGAP that it was essential to pay the ongoing premiums on the life insurance policies in order to realize the eventual death benefit. The only means to pay the policy premiums was from the investment contracts investor obligation to do so in such an event as the longevity risk carrier's failure to pay and the insured continuing to live. While AGAP Life Offerings was under no obligation to organize a premium facility to collect premiums to pay ongoing policy premiums, it was believed that without AGAP's intervention that the policy premiums would not be collected in full and the policy(s) would eventually lapse.

Initially, AGAP used company and personal capital to pay premiums to allow time for the premiums facility to be established and investors to adjust to the sudden and unexpected idea of further expenses associated with their investment. After some time, AGAP started making premium calls to investors for investors to pay their contractual pro-rata obligation of each premium call. It was immediately evident that not all investors were willing or able to pay their pro rata share of the premium calls. Because of this, it became clear that without any long term premium financing the AGAP policies would lapse. Although this was primarily due to the unwillingness or inability for some investors to pay their premium obligation(s), due to AGAP's assumed role, AGAP had ambiguous authority to act in the best interest of those investors who were abiding by their contractual agreement and little recourse to those who were not.

Even though AGAP had begun negotiations with Green Bank for possible short term lending for the AGAP companies, the understanding that investors would continue to dismiss their obligation to pay premiums intensified the need for long term premium financing. Through an accountability board that AGAP had established, an idea was proposed by Rod Sanders as a means for long term premium funding. Included in this proposal was a 5 year agreement to pay the premium shortfalls as they became due for all AGAP policies, as well as purchasing investment contracts at a discount from investors who desired to liquidate. Those investors who chose not to pay premiums and chose not to liquidate would forfeit their entire investment in the AGAP companies. AGAP knew that its contractual authority to forfeit investors due to not paying the pro-rata share of their premium obligation was not explicit. AGAP also knew, and was advised on several occasions by legal counsel, fund managers and business professionals, that continuing to carry those investors who were not willing or able to pay their pro-rata share of the premiums was detrimental to those who were abiding by their contractual obligation and paying their pro rata share of policy premiums. Therefore, it was determined that AGAP must act in the best interest of the policies and therefore the best interest of those who actively abiding by their contractual obligation. Because of this determination, Mr. Sanders founded 3:10 Capital Investment LLC (3:10) in the Spring of 2015 to raise capital from high net worth individuals and qualifying capital partners to supply long term funding for the AGAP companies/policies and to purchase investment contracts at a discount. This endeavor, however, would take some time to ramp up and the need for funding was immediate.

Fortunately, AGAP was able to negotiate a short term loan from Green Bank; but on a limited basis. Green Bank would pay 50% of each premium call and each company (AGAP LS 108/109/209/309/509) would have a limited line of credit projected to last 18 months. For this funding, Green Bank would receive full death benefit collateral on each policy through the insurance carrier and was allowed cross-collateralization from all AGAP companies. At the end of the 18 months, or prior, the plan was for 3:10 to "buy out" Green Bank and take over as a 1<sup>st</sup> position secured creditor. During these 18 months of premium lending, with the exceptions of AGAP LS 108 LLC and AGAP LS 109 LLC, each of the AGAP companies was able to raise enough funds through investor participation to cover the required 50% of premium and therefore required no premium funding from 3:10. In some cases, 3:10 made up the deficiency for AGAP LS 108/109 and in other cases AGAP, through personal loans, made up to differences.

3:10 loaned a total of approximately \$74,000 for policy premiums on AGAP LS 108 and 109 combined. Although it was not required or necessary, 3:10 also paid 2 months of interest of the 18 months of interest payments for all the AGAP lines of credit. After the last interest payment was made by 3:10, 3:10 notified AGAP that it had had difficulty raising the necessary funds to continue its agreement to fund all the AGAP policies. Mr. Sanders explained that the obstacle in

raising money to lend to the AGAP companies because Life Partners, the largest retailer of this type of investment and a publicly traded company, had recently filed chapter 7 bankruptcy and because 3:10 had no power or control over the policies. Mr. Sanders proposed that in lieu of further lending on the AGAP policies, 3:10 would exchange its interest by purchasing either AGAP LS 108 LLC and/or AGAP LS 109 LLC outright. AGAP agreed that if the policies were to be considered for sale, 3:10 would be allowed to bid on them for purchase but could not commit or agree to a non-market attained price. At that time, 3:10 informed AGAP they would no longer be able to provide premium financing and the agreement between AGAP and 3:10 was suspended.

Still, it was evident that the AGAP companies faced a premium collection shortfall in the near future. The lines for all companies were set to expire on January 22<sup>nd</sup> 2016. Although a loan renewal was offered by Green Bank, further cash flow analysis and forecasting showed that further indebtedness was a short term solution with dire consequences in the likely event that some insureds continued to live at the end of the renewable notes term.

AGAP sought advice from business professionals and investors alike. Through those encounters, AGAP was informed that by filing chapter 11 bankruptcies for each AGAP company, AGAP would be given the opportunity to establish operating protocols and “rewrite” the rules, subject to investor majority approval. This, if approved, would allow AGAP the means to effectively manage the AGAP policies and the collection/payment of the AGAP policy premiums through to fruition. Being given the opportunity to collectively and consensually construct a plan with those investors affected by the plan was believed to be the foremost equitable solution. In December of 2015, AGAP notified Green Bank of its plan to reorganize under Chapter 11 bankruptcy with the intention of paying off all debts in full. AGAP’s ability to defer some investor’s premium obligation had expired once the bank lending expired. In February 2016, AGAP filed for Chapter 11 Bankruptcy for AGAP LS 108 LLC, AGAP LS 109 LLC, AGAP LS 209 LLC, AGAP LS 509 LLC and AGAP Life Offerings LLC.

### **Future Income expense under the plan**

#### **5 year anticipated expenses**

	<b>2016</b>	<b>2017<sup>7</sup></b>	<b>2018<sup>7</sup></b>	<b>2019<sup>7</sup></b>	<b>2020<sup>7</sup></b>
<b>Annual Premium Expense</b>	<b>\$189,320.69</b>	<b>\$283,649.19</b>	<b>\$299,935.29</b>	<b>\$323,471.92</b>	<b>349,623.43</b>
<b>Administrative Charge<sup>8</sup></b>	<b>\$15,543.39</b>	<b>\$15,543.39</b>	<b>\$15,543.39</b>	<b>\$15,543.39</b>	<b>\$15,543.39</b>

#### **5 YEAR ANTICIPATED INCOME/REVENUES**

The only source of revenue for AGAP LS 509 LLC is the subscriber’s contributions to pay the pro-rata share of premiums for the AGAP LS 509 LLC policy as they become due, plus the administrative charge and, for investors with unpaid premium or administrative charges, the

<sup>7</sup> Denotes the estimated amount (only the current policy year has been optimized for purposes of determining the actual premium amount due).

<sup>8</sup> Administrative charge is currently 0.85% of investors subscription amount (ex: \$100,000 x 0.0085=\$850.00 annually)

accrued interest (calculated at 15% per annum up to the date the Chapter 11 petition was filed, and 6% per annum post-petition, pursuant to the Plan). No other source is expected with the exception of the maturity of the \$3,750,000 universal life insurance policy held in AGAP LS 509 LLC. To the extent that the Debtor is unable to maintain its policy premiums from funds raised from its investor/creditors, then it will sell the unmatured policy. The expected sales proceeds from such a sale are less than \$100,000.00.

### **Future Management of Debtors**

The present CRO, Short, will remain with the Debtors post confirmation on the same terms as approved by the Court for his retention. Short will act with the same duties and responsibilities he had as CRO. Short shall remain in this position until such time as may be mutually agreed for a termination by Short and the Investor Boards, subject to thirty days advance notice by any party.

Each of the Debtors shall establish post confirmation a board of investors consisting of three individuals with ongoing investment in that particular Debtor ("Investor Board"). The Investor Board for each Debtor shall consult with Short concerning the operations of the Debtor. Short shall consult with the Investor Board of the Debtor on any matter affecting the continuation of the Debtors' particular Insurance Policy. The Investor Board shall not restrict the actions of Short with respect to a life insurance policy, unless the Investor Board unanimously objects to a proposed action by Short. In the event the Investor Board unanimously objects to a proposed action by Short, Short shall not be authorized to undertake such action. Each Investor Board shall terminate upon the distribution of that Investor Board's Life Insurance Policy proceeds upon a Final Maturity or a sale.

Both Jeffrey Madden and Charles Madden are the two members of the Debtor entities and both were designated as managing members upon the formation of the entities. Subsequently, by resolution, Chuck Madden designated Jeff Madden as having sole management authority of the Debtor entities except for AGAP Life Offerings, LLC. However, the CRO will have principal management authority and responsibility for the Debtor entities during and following the bankruptcy proceedings. Jeff Madden will remain on to provide a transition and future assistance to the CRO for so long as the CRO requires his assistance.

### **Analysis and Valuation of Property**

In March 2015 AGAP received a verbal value on the AGAP LS 509 LLC policy to purchase for the amount of \$75,000 (2% of face value). At the time of the valuation, the insured for the policy held within AGAP LS 509 LLC was 86 years old and given a life expectancy valuation (LE) of 83 months. Both the LE and the age of the insured are two of the most critical variables in determining a policy's value. Other factors include the anticipated cost of insurance premium estimates during the anticipated life of the policy. In January of 2016 an updated LE was acquired and was stated at 77 months with the insureds attained age of 87. Three different life settlement purchasing companies have shown interest in purchasing the AGAP LS 509 LLC policy. Given the age of the insured and the deteriorating LE, and anticipated increase of the cost of insurance at the carrier level, it is projected that the AGAP LS 509 LLC policy would receive a bid price

between \$75,000 and \$150,000 if sold. All LE's have been underwritten by American Viatical Services (AVS).

## Personal Property

Life Insurance Carrier	AXA Equitable Life Insurance Company
Type of Life Insurance Policy	Universal Life Insurance Policy
Death Benefit	\$3,750,000
Insured Gender	Male
Insured D.O.B (Age)	04/21/1929 (87)
Life Expectancy Valuation (in months)	77
Valuation Date	01/21/2016
Valuation Company	American Viatical Services (AVS)

\*\*\* end of AGAP LS 509, LLC\*\*\*

## AGAP Life Offerings, LLC

### Financial History and Background of the Debtor

AGAP Life Offerings LLC is a Nevada Limited Liability Company formed in 2008 for the purpose of facilitating the purchase of a fractional portion of life settlement (life insurance policies) by qualified investors (subscribers) in accordance with all applicable state and federal laws. AGAP received an Organizational fee for this transaction, but this fee was withheld from AGAP until the spring of 2013 by a Cease and Desist Order issued by the Texas Department of Insurance (see Events Leading to filing of Bankruptcy below). In addition to the Cease and Desist Order issued by the Texas Department of Insurance, AGAP Life Offerings also received a Cease and Desist Order from the Texas State Securities Board. Although the orders were not punitive, AGAP Life Offering LLC was unable to overcome the negative stigma and therefore, outside of the organizational fees released in 2013, has had no operating income.

At the onset of AGAP Life Offerings and the funding of the life settlement offerings (AGAP LS 108/109/209/309/509 LLC), it was never intended for AGAP to have a managerial role or act, in any manner, outside the scope of the investment contracts. However, due to the legal issues faced during the early stages of the life settlement offerings, as well as the necessity of an organized Premium Facility for the AGAP companies once the longevity risk contract failed and the insured's continued to live, AGAP asserted itself to defend the companies' interests against the TSSB/TDI and later to establish an organized means of collecting premiums to keep each companies' life insurance policy in force for the eventual benefit of all parties. For the first 10-18 months of AGAP enacting the premium facility, no administrative charges were applied to investors for this service. However, starting in 2015, AGAP assessed a 0.85% of investment capital as an annual administrative charge (to be paid quarterly with premium calls) which equates to roughly \$90,000 per annum. Due to lack of investor participation in the premium facility, AGAP collected less than \$65,000 of that administrative charge.

### Events leading to filing of Bankruptcy

Once each of the AGAP companies (AGAP LS 108 LLC, AGAP LS 109 LLC, AGAP LS 209 LLC, AGAP LS 309 LLC and AGAP LS 509 LLC) was fully funded, each AGAP company operated mostly as expected until the premiums that were escrowed ran out. The exception to this was that in April of 2010, AGAP received a Cease and Desist (C&D) order by the Texas State Securities Board (TSSB) for selling what they believed to be unregistered securities. AGAP spent many months and upwards of \$50,000 for a securities lawyer with a reputable law firm to construct an investment in fractional life settlement to primarily retail investors that was in accordance with both state and applicable federal securities laws. The AGAP companies were advised to offer this investment with the same/similar structure as Life Partners, who offered this same type of investment to retail investors globally. Furthermore, Life Partners had existing case law to support its investment structure and this case law supported the belief that the life settlement investment was not determined to be considered a “security” in the state of Texas and elsewhere. AGAP accepted this advice and sold these investments from 2007 to 2010.

AGAP was given the opportunity to argue against the C&D at the State Office of Administrative Hearings (SOAH) in Austin Texas. While Judge Jenkins, who presided over the hearings, found no evidence of fraud or failure to disclose in both the AGAP marketing materials and investment documents, stating so in both his Proposal for Decision (PFD) and in his responsive supplemental findings, he did agree with the state that he believed the AGAP investment to be consistent with what the TSSB defines as a security. As such, AGAP was ruled to be selling a non-registered security. The commissioner of the TSSB accepted Judge Jenkins findings and the order was affirmed.

On the 23<sup>rd</sup> day from receiving this decision, AGAP officially challenged this ruling at the District Court level. However, the TSSB petitioned the court for a “Plea of Jurisdiction” which meant that, in their view, AGAP had no right to challenge this ruling since AGAP had not filed with the District Court in a timely manner. The TSSB argued that, at some unannounced time during the SOAH proceedings that the AGAP matter, which once was governed by the Administrative Procedures Act (APA) now fell under the Texas Securities Act (TSA) although AGAP was never notified of this change. The difference is that under the APA, AGAP was allowed 30 days to appeal the decision affirmed by the TSSB Commissioner and under the TSA AGAP was given 22 days. Having filed on the 23<sup>rd</sup> day AGAP was, the TSSB argued, not allowed to challenge the commissioners’ findings and subsequent ruling.

Still, this ruling of arbitrary “Act” switching was argued in front of the District Court. AGAP argued that “if” the TSSB is going to change “Acts,” then the TSSB has an obligation to notify the party(s) and at what time the change is going to take effect. AGAP was shocked that the District Court ruled in favor of the State of Texas that there is no obligation of the State to notify or give explanation to the accused party of when they, the TSSB, elect to or not to change from the APA to the TSA or back again. Perhaps even more discouraging was that AGAP lost this argument again at the Appellate level. AGAP felt that it had no more resources to further advance this argument with the hope that AGAP would be able to argue the merits of the original findings by the Commissioner of the TSSB.

In addition to the TSSB C&D, AGAP also received a C&D from the Texas Department of Insurance (TDI) in late April 2010. However, unlike the TSSB, the TDI sought to freeze all of the AGAP companies’ funds that were set aside to pay agents for selling the AGAP investment as well as organizational fees payable to AGAP. AGAP argued this matter at the same SOAH to a disinterested Judge whose findings were a mere recital of the States pleadings. Again, when AGAP appealed this decision, the TDI argued the same Plea of Jurisdiction (POJ) as did the TSSB.

However, this POJ argument was thrown out and AGAP was immediately approached by the TDI with the intent to settle prior to bringing this matter to the district court. Having seen how the TSSB matter was handled, AGAP entered into a Consent Order with the TDI. The consent order stated that AGAP would agree not to sell or otherwise procure unregistered insurance without the permission of the TDI, and in turn, the TDI would release (unfreeze) all the money that AGAP had collected for the life settlement investments in the AGAP companies. All legal matters with the TSSB and the TDI wound up almost exactly 3 years after they were initiated in the spring of 2010, with a total cost of near \$1,000,000.

During this time, premiums for each of the policies in the AGAP companies were being paid. They each continued being paid until each policy met its defined maturity date, which coincided with the premium reserve amount set aside to pay premiums in each AGAP company. As the defined maturity date approached, AGAP notified the longevity risk carrier (LRC) with a claim and requested AGAP be notified of how they would like for AGAP to proceed with making a claim. AGAP received no response by mail or phone from the LRC. A brief investigation resulted in AGAP becoming aware that the LRC had, the previous year, lost a lawsuit. The result of this lawsuit, other than hundreds of millions in monetary damages, was the exposure of the LRC's independent financial auditing firm, who, they found, fraudulently over valued the LRC's assets. As a direct result of the lawsuit, the auditing firm faced criminal charges and the LRC filed for bankruptcy. AGAP authorized a legal view on the financial status of the LRC, and even went as far as to drive to the LRC president's home in Mississippi to assist in determining the benefit, if any, of pursuing legal action against the LRC. AGAP made the determination that by pursuing legal action against the LRC would likely cost hundreds of thousands of dollars, which would result in very little, if anything in return. Given the very limited amount of AGAP's capital reserves, the focus quickly turned to keeping the existing life insurance policies held in each of the AGAP companies in force.

At the demise of the LRC, who provided the full payment of the death benefit once the insured for each policy met his previously established life expectancy plus a deferred period of 12 months, AGAP reviewed the AGAP investment contracts for clarity. At this time, premiums that were escrowed to pay ongoing premiums had either ran out or were running out. While AGAP knew that each investor had acknowledged his/her ability to pay ongoing premiums in such a case, AGAP also knew that it would be unexpected and sudden. It was clear to AGAP that it was essential to pay the ongoing premiums on the life insurance policies in order to realize the eventual death benefit. The only means to pay the policy premiums was from the investment contracts investor obligation to do so in such an event as the longevity risk carrier's failure to pay and the insured continuing to live. While AGAP Life Offerings was under no obligation to organize a premium facility to collect premiums to pay ongoing policy premiums, it was believed that without AGAP's intervention that the policy premiums would not be collected in full and the policy(s) would eventually lapse.

Initially, AGAP used company and personal capital to pay premiums to allow time for the premiums facility to be established and investors to adjust to the sudden and unexpected idea of further expenses associated with their investment. After some time, AGAP started making premium calls to investors for investors to pay their contractual pro-rata obligation of each premium call. It was immediately evident that not all investors were willing or able to pay their pro rata share of the premium calls. Because of this, it became clear that without any long term premium financing the AGAP policies would lapse. Although this was primarily due to the unwillingness or inability for some investors to pay their premium obligation(s), due to AGAP's

assumed role, AGAP had ambiguous authority to act in the best interest of those investors who were abiding by their contractual agreement and little recourse to those who were not.

Even though AGAP had begun negotiations with Green Bank for possible short term lending for the AGAP companies, the understanding that investors would continue to dismiss their obligation to pay premiums intensified the need for long term premium financing. Through an accountability board that AGAP had established, an idea was proposed by Rod Sanders as a means for long term premium funding. Included in this proposal was a 5 year agreement to pay the premium shortfalls as they became due for all AGAP policies, as well as purchasing investment contracts at a discount from investors who desired to liquidate. Those investors who chose not to pay premiums and chose not to liquidate would forfeit their entire investment in the AGAP companies. AGAP knew that its contractual authority to forfeit investors due to not paying the pro-rata share of their premium obligation was not explicit. AGAP also knew, and was advised on several occasions by legal counsel, fund managers and business professionals, that continuing to carry those investors who were not willing or able to pay their pro-rata share of the premiums was detrimental to those who were abiding by their contractual obligation and paying their pro rata share of policy premiums. Therefore, it was determined that AGAP must act in the best interest of the policies and therefore the best interest of those who actively abiding by their contractual obligation. Because of this determination, Mr. Sanders founded 3:10 Capital Investment LLC (3:10) in the Spring of 2015 to raise capital from high net worth individuals and qualifying capital partners to supply long term funding for the AGAP companies/policies and to purchase investment contracts at a discount. This endeavor, however, would take some time to ramp up and the need for funding was immediate.

Fortunately, AGAP was able to negotiate a short term loan from Green Bank; but on a limited basis. Green Bank would pay 50% of each premium call and each company (AGAP LS 108/109/209/309/509) would have a limited line of credit projected to last 18 months. For this funding, Green Bank would receive full death benefit collateral on each policy through the insurance carrier and was allowed cross-collateralization from all AGAP companies. At the end of the 18 months, or prior, the plan was for 3:10 to "buy out" Green Bank and take over as a 1<sup>st</sup> position secured creditor. During these 18 months of premium lending, with the exceptions of AGAP LS 108 LLC and AGAP LS 109 LLC, each of the AGAP companies was able to raise enough funds through investor participation to cover the required 50% of premium and therefore required no premium funding from 3:10. In some cases, 3:10 made up the deficiency for AGAP LS 108/109 and in other cases AGAP, through personal loans, made up to differences.

3:10 loaned a total of approximately \$74,000 for policy premiums on AGAP LS 108 and 109 combined. Although it was not required or necessary, 3:10 also paid 2 months of interest of the 18 months of interest payments for all the AGAP lines of credit. After the last interest payment was made by 3:10, 3:10 notified AGAP that it had had difficulty raising the necessary funds to continue its agreement to fund all the AGAP policies. Mr. Sanders explained that the obstacle in raising money to lend to the AGAP companies because Life Partners, the largest retailer of this type of investment and a publicly traded company, had recently filed chapter 7 bankruptcy and because 3:10 had no power or control over the policies. Mr. Sanders proposed that in lieu of further lending on the AGAP policies, 3:10 would exchange its interest by purchasing either AGAP LS 108 LLC and/or AGAP LS 109 LLC outright. AGAP agreed that if the policies were to be considered for sale, 3:10 would be allowed to bid on them for purchase but could not commit or agree to a non-market attained price. At that time, 3:10 informed AGAP they would no longer be able to provide premium financing and the agreement between AGAP and 3:10 was suspended.

Still, it was evident that the AGAP companies faced a premium collection shortfall in the near future. The lines for all companies were set to expire on January 22<sup>nd</sup> 2016. Although a loan renewal was offered by Green Bank, further cash flow analysis and forecasting showed that further indebtedness was a short term solution with dire consequences in the likely event that some insureds continued to live at the end of the renewable notes term.

AGAP sought advice from business professionals and investors alike. Through those encounters, AGAP was informed that by filing chapter 11 bankruptcies for each AGAP company, AGAP would be given the opportunity to establish operating protocols and “rewrite” the rules, subject to investor majority approval. This, if approved, would allow AGAP the means to effectively manage the AGAP policies and the collection/payment of the AGAP policy premiums through to fruition. Being given the opportunity to collectively and consensually construct a plan with those investors affected by the plan was believed to be the foremost equitable solution. In December of 2015, AGAP notified Green Bank of its plan to reorganize under Chapter 11 bankruptcy with the intention of paying off all debts in full. AGAP’s ability to defer some investor’s premium obligation had expired once the bank lending expired. In February 2016, AGAP filed for Chapter 11 Bankruptcy for AGAP LS 108 LLC, AGAP LS 109 LLC, AGAP LS 209 LLC, AGAP LS 509 LLC and AGAP Life Offerings LLC.

### **Future Income expense under the plan**

### **5 year anticipated expenses**

	<u>Monthly</u>	<u>2016<sup>9</sup></u>	<u>2017<sup>10</sup></u>	<u>2018<sup>11</sup></u>	<u>2019<sup>12</sup></u>	<u>2020<sup>13</sup></u>
Personnel	\$3,500	\$28,000	\$42,000	\$42,000	\$42,000	\$42,000
Facilities	\$450	\$3,600	\$5,400	\$5,400	\$5,400	\$5,400
Telephone & Data	\$502	\$4,016	\$6,024	\$6,024	\$6,024	\$6,024
Office Expenses	\$569	\$4,552	\$6,828	\$6,828	\$6,828	\$6,828
Policy Serving Fees	\$362.50	\$2,900	\$4,350	\$4,350	\$4,350	\$4,350
Travel/Vehicle	\$75.00	\$600	\$900	\$900	\$900	\$900
Miscellaneous Expense	\$400	\$3,200	\$4,800	\$4,800	\$4,800	\$4,800
Professional Fees	\$1,650.00	\$13,200	\$19,800	\$19,800	\$19,800	\$19,800
	\$7,508.50	\$60,068	\$91,102	\$91,102	\$91,102	\$91,102

## 5 YEAR ANTICIPATED INCOME/REVENUES

	<b>2016</b>	<b>2017<sup>14</sup></b>	<b>2018<sup>15</sup></b>	<b>2019<sup>16</sup></b>	<b>2020<sup>17</sup></b>
<b>Administrative Charge</b>	<b>\$60,068</b>	<b>\$91,102</b>	<b>\$91,102</b>	<b>\$91,102</b>	<b>\$91,102</b>

AGAP 108 LS, LLC matured on June 16, 2016, but the death benefit has not been collected and the Deferred Compensation is not reflected in the table above.<sup>18</sup>

The only source of revenue for AGAP Life Offerings LLC is the assessed administrative charge to subscriber's to pay the costs associated with administering the premium facility for all policies in the AGAP companies. The administrative charge as of May 2016 is 0.85% of investor investment capital. In addition, AGAP Life Offerings LLC will receive a monetary benefit, in the form of Deferred Compensation from the eventual maturity of the AGAP policies held in the AGAP companies.<sup>19</sup> Any exception will be outlined in the plan to be approved by the US trustee, presiding bankruptcy judge and majority unsecured creditors (AGAP company subscribers). The CRO employed by the Debtors should be able to work within the expected costs set forth for administration of the Debtors. The exact terms of his employment are set forth in the Application to Employ CRO and order approving his employment.

## Future Management of Debtors

<sup>9</sup> Denotes partial year

<sup>10</sup> Denotes estimates and will be affected by policy maturities

<sup>11</sup> Denotes estimates and will be affected by policy maturities

<sup>12</sup> Denotes estimates and will be affected by policy maturities

<sup>13</sup> Denotes estimates and will be affected by policy maturities

<sup>14</sup> Denotes estimates and will be affected by policy maturities

<sup>15</sup> Denotes estimates and will be affected by policy maturities

<sup>16</sup> Denotes estimates and will be affected by policy maturities

<sup>17</sup> Denotes estimates and will be affected by policy maturities

<sup>18</sup> See discussion of Deferred Compensation, infra at 5.6.2 Ckass AGAP Life Offerings 2: Equity Interests in the Debtor, page 69.

<sup>19</sup> See footnote 1.

The present CRO, Short, will remain with the Debtors post confirmation on the same terms as approved by the Court for his retention. Short will act with the same duties and responsibilities he had as CRO. Short shall remain in this position until such time as may be mutually agreed for a termination by Short and the Investor Boards, subject to thirty days advance notice by any party.

Each of the Debtors shall establish post confirmation a board of investors consisting of three individuals with ongoing investment in that particular Debtor ("Investor Board"). The Investor Board for each Debtor shall consult with Short concerning the operations of the Debtor. Short shall consult with the Investor Board of the Debtor on any matter affecting the continuation of the Debtors' particular Insurance Policy. The Investor Board shall not restrict the actions of Short with respect to a life insurance policy, unless the Investor Board unanimously objects to a proposed action by Short. In the event the Investor Board unanimously objects to a proposed action by Short, Short shall not be authorized to undertake such action. Each Investor Board shall terminate upon the distribution of that Investor Board's Life Insurance Policy proceeds upon a Final Maturity or a sale.

Both Jeffrey Madden and Charles Madden are the two members of the Debtor entities and both were designated as managing members upon the formation of the entities. Subsequently, by resolution, Chuck Madden designated Jeff Madden as having sole management authority of the Debtor entities except for AGAP Life Offerings, LLC. However, the CRO will have principal management authority and responsibility for the Debtor entities during and following the bankruptcy proceedings. Jeff Madden will remain on to provide a transition and future assistance to the CRO for so long as the CRO requires his assistance.

### **Analysis and Valuation of Property**

AGAP Life Offerings LLC have receivables that may be collected from other AGAP Debtors on maturity of policies and/or sales of policies.

*\*\*\* end of AGAP Life Offerings, LLC\*\*\**

## **OBJECTIONS TO THE DISCLOSURE STATEMENT**

**The United States Trustee's objections to the Plan and Disclosure Statement are discussed below:**

The U.S. Trustee, at the July 28, 2016, hearing raised issues related to the structure of the various AGAP subscriptions. As to AGAP LS 108, LLC, and AGAP LS 109, LLC, the U.S. Trustee stated that the offering documents related to the investments, including the offering circulars, the subscription agreements, and the escrow instructions collectively evidence that investors would receive in consideration of their investment a membership interest in the respective entity with the aggregate investment proceeds used to purchase a beneficial interest in a life insurance policy to be held in escrow until a maturity event after which investors, as members of the entity, would receive a distribution of the proceeds, subject to the terms of the offering documents. The U.S. Trustee suggested that such an interpretation of the offering documents may impair the ability of AGAP LS 108, LLC, and AGAP LS 109, LLC, to reorganize as the ownership interests and rights of the various parties-in-interest are unclear. Debtors state that they intend to resolve these issues with the Plan which treats these investors all as unsecured creditors.

As to AGAP LS 209, LLC; AGAP LS, 309, LLC; and AGAP LS 509, LLC; the U.S. Trustee stated that the offering documents related to the investments, including the information statement and subscription agreements, appeared to evidence an arrangement by which AGAP Life Offerings, LLC, facilitated a direct purchase by the investor of a beneficial interest in a life insurance policy to be held by a special purpose entity and administered by AGAP Life Offerings, LLC, until a maturity event at which time the investor would receive the policy proceeds from his fraction of the beneficial interest. The U.S. Trustee suggested such an interpretation of the offering documents, including the information statement and subscription agreements, raised numerous questions concerning the applicable entities' rights concerning the beneficial interests in the policies or the applicable entities' rights concerning the use of proceeds from such policies. Such questions included whether the beneficial interests in the policies constituted property of the applicable debtors' estates for reorganization purposes and the extent to which, if any, the applicable entities had authority to encumber the beneficial interests or use proceeds derived from the beneficial interests. The U.S. Trustee suggested that such questions could impair the ability of AGAP LS 209, LLC; AGAP LS, 309, LLC; and AGAP LS 509, LLC, to reorganize rights, claims, and interests related to the beneficial interests of the life insurance policies or the proceeds derived from such beneficial interests. Again the Debtors state that they intend to resolve these issues with the Plan which treats these investors as unsecured creditors and the policies as actually being owned by the Debtor entities and are also the named beneficiaries of the policies. A review of the underlying books and records of the Debtors by the CRO has revealed that the policies are all owned in the names of the Debtors, that no membership interests were ever issued beyond those to Jeff and Charles Madden, that the Federal income tax returns show no ownership other than Jeff and Charles Madden, no Schedule K-1 (Form 1065) has been issued to anyone other than Jeff and Charles Madden from the date of formation of the Debtor entities and that the investor/creditors have consistently been treated like unsecured creditors by the Debtor entities and not owners. Given that this has been: (i) the consistent treatment for the past several years since inception of the Debtor entities and (ii) the investor/creditors also believe that this is their position vis-a-vis the

Debtors, the Debtors contend that this treatment is fair and equitable. The treatment and this position likewise applies to AGAP LS 108 and AGAP LS 109.

Debtors provide the following information regarding the structure of the AGAP entities as derived from the subscription agreements, offering documents, information statement which are confusing at best but appear to provide the following:

1. As to AGAP LS 108, LLC and AGAP LS 109, LLC the investors were to be given interests, which appear to read as member interests in the limited liability company. The company was supposed to own the policy. As set forth above in detail above the investor/creditors were never given the member interests in the limited liability companies and were never given an ownership interest in the policies. It appears that the real intent of these arrangements was to give the investors an interest in the future death benefits of the policy owned by the company.

2. As to AGAP LS 209, LLC, AGAP LS 309, LLC and AGAP LS 509, LLC the investors were to be given an interest in the future death benefits of the policy but were not given member interests or an actual ownership interest in the policy. To solve the issues that arise from the various ownership structures of the Debtor entities and their subscription and offering documents to their investor/creditors, the Plan treats all the investors as unsecured creditors and gives them a particular treatment under the Plan for the Debtor in which they invested. The allocate distributions to be made in the future are from either the future death benefits or a sale of the policy and are based on their percentage of the future death benefits converted into a dollar amount (which may be subject to reduction based on the failure of the investor/creditor to have paid past premiums, interest and admin fees).

The Debtors have detailed books and records of all transactions involving these investor/creditors and the CRO has been provided with access and control of these records. The Schedules filed in each case reflect the Maturity Values for the investor/creditors. The Debtors' computer data base contains records of what has been paid and what has not been paid by each investor/creditor. This will become important to these individuals to the extent that they opt to stay in and pay future premiums as to what they will realize upon Final Maturity or a sale of a policy and if there is going to be a reduction in their Maturity Value due to unpaid amounts of premiums, admin fees and interest. The investor/creditors have received in the past this report each quarter with a premium call request. Upon Confirmation and/or future premium call requests this report will be provided to the investor/creditors.

### **3:10 Capital's objections to the Plan and Disclosure Statement are discussed below:**

3:10 Capital Investments, L.P. claims it is a secured creditor of AGP LS 108, LLC, AGAP LS 109, LLC, AGAP LS 209, LLC, AGAP 309, LLC, and AGAP 509, LLC by virtue of a Revolving Credit Facility to each of the Debtors evidenced by Loan and Security Agreement (collectively "Loan Agreements"). The Debtors have found no evidence of a validly perfected security interest in the policies of the Debtors. Debtors contend that such interest would have to be reflected in notices to the insurance companies or some type of public filing neither of which show to have been done by 3:10 Capital Investments, L.P. Irrespective, 3:10 claims it is owed monies by the Debtors under the Loan Agreements secured by a Collateral Assignment of Life Insurance in favor of 3:10 Capital on each of the Debtors' life insurance policies as well as substantially all of the Debtors' assets. 3:10 also claims it is a creditor of AGAP Life Offerings,

LLC, as successor in interest to Charles and Cynthia McWilliams to a loan agreement with Life Offerings secured by the death benefit of six life policies even though the actual McWilliams paperwork shows that there is no valid lien on the six policies since Life Offerings owned no such policies. Debtors contend that 3:10 defaulted on its obligations to the Debtors regarding funding to be provided by 3:10.

3:10 claims that as of the Petition Date, the AGAP Debtors owning policies were indebted to 3:10 Capital for the outstanding balance of the Loan Agreement with each Policy Owning Debtor and for deferred origination fees and maturity fees payable upon the maturity of each policy. 3:10 also claims that Offerings was indebted to 3:10 Capital for the total indebtedness due under the loan with Offerings. Debtors have disputed whether such fees are actually due and owing because 3:10 allegedly did not fulfill its obligations to raise funding for the Debtors.

3:10 claims that Debtor's Plan and Disclosure Statement should be denied for the following reasons:

The Plan and Disclosure Statement lack sufficient information to allow even the most sophisticated investors to make an informed decision whether to support the Plan. The Plan is patently unconfirmable. The Plan proposes to obligate the Debtors' unsecured creditors who choose to support the Plan to pay an undetermined amount of money to fund the Debtors' policy premiums for an undefined amount of time. The Debtors contend that this obligation already exists because the investor/creditors made this commitment when they invested originally in the Debtors' policies. The Debtors can provide a schedule of what these amounts look like once it knows who will continue to participate in the Plan. Informally, the Debtors' ad hoc committees have determined that there will be 80-90% participation from the investor creditor participants in AGAP LS 209, 309 and 509. The only Debtor that is likely to liquidate is AGAP LS 109 because it has had a miserable participation in premium payments both prior to and after the filing of the bankruptcy cases.

Also these provisions do not apply to the claims of 3:10. To date no creditor/investors in the Debtors have raised these concerns and through the ad hoc committees they have formed they have a good understanding of what the future obligations of the Debtors look like. 3:10 claims that because of this, Debtors' unsecured creditors receive an undefined interest in the Debtors which is subject to future reallocation, reduction and dilution at the sole discretion of the Debtors' principals and for an incalculable return on their investments. The Debtors would argue that this was the case prior to the filing of the case and that, in fact, the amounts can be determined with some certainty, although not complete certainty until the creditors that choose to participate are determined and those that opt out are determined.

3:10 asserts that the Disclosure Statement lacks sufficient information to make an informed judgment about the Plan. It is a fact that the only source of revenue for the Policy Owning Debtors is each hypothetical subscriber's contributions to pay their pro-rata share of premiums. The only source of revenue for Offerings is an assessed administrative fee to the hypothetical subscribers. 3:10 contends that the Debtors' Plan is wholly contingent upon the individual investors in each of the policy-owning Debtors, many of whom have already failed to answer past premium calls, (a) "opting in" to the Plan, (b) agreeing to pay an undefined pro-rata share of policy premiums as they

come due; and (c) having the financial wherewithal and commitment to pay their undefined, pro-rata share of the policy premiums as they come due until the policy matures.

**The Debtors recognize this issue and have added a provision to the Plan that in the event that there are not enough contributing creditors to maintain the policies through premium calls, then the Debtors will sell the policies on the open market and distribute the funds from such sale in accordance with the terms of the Plan. The Plan does contemplate the possibility of the sale of the policies at a time post-confirmation. This is particularly the case with AGAP LS 109, which has had very few investor creditors willing to contribute to premium calls. An additional recourse is the option to reduce the death benefit to a manageable and affordable level.**

3:10 contends that the Life Expectancy Valuations are purely speculative. Debtors would disagree these are actually based on expert actuarial tables and calculations that the Debtors have been provided. The reports that the Debtors have on life expectancies are summarized as follows:

	AGAP LS 109	AGAP LS 209	AGAP LS 309	AGAP LS 509
Age	89	88	85	87
Life Expectancy	50 months	89 months	65 months	77 months
Primary Impairment	Diabetes	Elder	Atrial Fibrillation	Elder
Report By	AVS Underwriting LLC	AVS Underwriting LLC	AVS Underwriting LLC	AVS Underwriting LLC
Report Date	12/29/2014	1/22/2016	1/22/2016	1/21/2016

3:10 contends that the period of each subscribers' commitment to pay policy premiums is undefined and could extend far beyond the current Life Expectancy Valuation. That fact is true and existed prior to the filing of the case and has not changed with the case filings. 3:10 contends that the Life Expectancy Valuations have not been provided so there is no way to evaluate the facts, assumptions or methodologies that were used in determining each valuation. Such reports are available from the Debtors. Financial projections (Exhibit "3" to DS and Plan) are based purely on the assumption that a sufficient number of subscribers will participate in the Plan and pay their undetermined pro-rata share of the policy premiums until the policy matures. These facts are correct and if the premiums are not met, the policies will be sold. Debtors contend that 3:10 will receive no deferred fee on a sale of the policies as the fee, if one is entitled to be paid at all, was contingent on the policies reaching maturity.

3:10 contends that the financial projections are incomplete in that the Financial Projections only go through 2020. The Disclosure Statement and Plan are also silent as to the event of insufficient subscribers participating in the Plan or meeting their premium calls, and provide no evidence that sufficient subscribers will participate, pay their premiums as they due and stay committed to do so for an undeterminable amount of time. **The Debtors recognize this issue and have added a provision to the Plan that in the event that there are not enough contributing creditors to maintain the policies through premium calls, then the Debtors will sell the policies on the open market and distribute the funds from such sale in accordance with the terms of the Plan. The Plan does contemplate the possibility of the sale of the policies at a**

**time post-confirmation. An additional recourse is the option to reduce the death benefit to a manageable and affordable level.**

3:10 contends that the Debtors' plan is nothing more than an assumption based on multiple contingencies and offers zero certainty as to the final return on any subscriber's investment. The plan offers the subscribers who opt-in to the Policy Holding Debtors absolutely no assurance of what their premium commitment will be in either amount or term. By opting-in, they become burdened to pay an undetermined amount of money for an undetermined time. This was the case when the creditor investor first invested in the policies. The Plan provides for the potential that the face value of any policy may be reduced or that the policy may be sold. As a result, the value of any particular subscriber's investment may be reduced, diluted and their premium obligations extended for much longer than anticipated, all at the discretion of the loosely defined management structure. All of these things are possibilities.

The Debtors addressed the management issue by retaining a CRO and each Debtor has had ad hoc committees be formed. 3:10 contends that there is no assurance of what any particular subscriber will realize at the end of the Plan term. Such a plan offers no promise that creditors will ever get paid in full, but only that subsequent Plan modification or further reorganization will be necessary. The Debtors will either continue until maturity and pay out at maturity or have the option to sell the policies at any time that the policy funding is undersubscribed.

3:10 contends that the proposed treatment of 3:10 Capital's alleged secured claims drastically alters the structure of the original Loan Agreements by lengthening the loan term to an undetermined time. 3:10 argues that the Indebtedness due to 3:10 Capital is due and payable in full, and that instead, the plan extends the term to an undefined time when 3:10 Capital will be paid "from the proceeds of such sale or the maturity of the insurance policy" owned by each of the Policy Owning Debtors. 3:10 claims that the Plan fails to provide for the payment of deferred origination fee and deferred maturity fee due to 3:10 Capital upon the maturity of the policies. 3:10 claims that the Plan interest rate violates the "fair and equitable" test because the proposed interest rate is too low. The Debtors disagree with each of these contentions.

3:10 claims that the Debtor's Liquidation Analysis attached as **Exhibit "2"** to the Plan and DS makes it clear that 3:10 Capital will get paid the full amount of its claim in a liquidation scenario. 3:10 will get paid in either a liquidation or a Plan that waits to maturity. By liquidating the policies now there is a greater likelihood that the other unsecured creditors will not get paid or will get paid only a fraction of their debt.

3:10 claims that the multiple contingencies within the Plan; i.e., sufficient creditors, "opting-in," the undeterminable date of policy maturation, the potential sale of any policy and the potential for reduction in face value of a policy all make it impossible to determine whether any particular unsecured creditor will receive more or less than through liquidation. There is no question but that a liquidation will return far less to the unsecured creditors than waiting for a maturity to occur.

3:10 claims that the Class 4 creditors who abandon their investment are treated as having accepted the Plan when in reality, they have only expressed the intent to not make future policy

premiums. The Debtors have addressed this issue in the amended Plan, by indicating that such creditors may actually be treated as voting against the Plan, should they do so. Several, if not all, creditors who were contributing pre-petition have been advised, or elected, to cease making premium calls in discovery of the Trustee's motion to appoint a trustee. The Debtors believe that once the plan is approved and Debtors exit bankruptcy, that participation will increase above the pre-petition ratios.

The Debtors can express no opinion on whether the abandonment of an interest in a policy is a taxable event for an investor and would recommend that they obtain their own tax advise on such matters, including the possibility of debt forgiveness income. The Debtors have no plans to send out Form 1099s to their investor creditors who abandon their investments.

3:10 claims that rather than receive their pro-rata share of their current investment as they would in a liquidation, this subclass of creditors receives only 10% of the value of their allowed claim after either maturity of the policy or a sale of the policy. In a liquidation, the Debtors have shown what this Class of creditors would receive and it is equal to or less than 10%.

3:10 has already filed suit against non-debtor entities and individuals to collect sums is claims it is owed. Nothing in the Plan prevents collection against non-debtor entities or individuals.

AGAP LS 109, 309 and 209 have premiums due in the next 60 days, as described on Exhibit "6." These Debtors plan to pay such premiums from loans made by AGAP LS 409 and monies solicited from current policy investor/creditors – a premium call will be made at the same time ballots. The funds will likely come from a combination of both.

The past participation rate for the subscribers in each policy is less than 50% for AGAP LS 108 and 109 and greater than 50% for AGAP LS, 209, 309 and 509. The prospective participation rate is set forth as follows:

Policy 109. 10 % of the investors. These investors know that they will probably be facing liquidation due to extremely low participation rates, but prefer liquidation without a trustee, as opposed to liquidation with a trustee.

Policy 209. 70-80% of the investors.

Policy 309. 70-80% of the investors.

Policy 509. 70-80% of the investors.

The Debtors anticipate getting 90% -95% yes vote on the ballot to approve the plan.

The Debtors are disputing whether 3:10 Capital will receive the deferred fees it is claiming. There is a lengthy discussion regarding the failure of 3:10 Capital to perform its agreements. If the policies mature, 3:10 Capital claims it is entitled to a deferred fee. Response to Capital 3: 10 Objection paragraph 9 (k). This fee is 3 percent of the gross policy proceeds at the time of maturity,

and will reduce the amount of money that the investor/creditors will receive if allowed. If the policies are sold these fees are not payable. See Exhibit "7" attached hereto.

## **REQUIRED FUTURE PREMIUMS OF DEBTORS TO MAINTAIN POLICIES**

## **The Following Sets Forth the Future Premiums Due Over the Next 6 Months**

Premium Due for AGAP Life Offerings LLC between 7/1/2016 and 12/31/2016						
Insured	Policy Owner	Policy Number	Policy Anniversary	Premium Due Date	July / 2016	August / 2016
French	Agap LS 109	59525758	15-Aug	15th	\$90,266.24	\$94,625.00
Owens	Agap LS 309	U0573180	15-Jan	15th	\$0.00	\$49,750.34
Ryan	Agap LS 209	157211143	4-Sep	4th	\$0.00	\$0.00
Wilson	Agap LS 509	156225880	27-Dec	27th	\$0.00	\$0.00
<b>Month Total</b>					\$90,266.24	\$144,375.34

Insured	September / 2016	October / 2016	November / 2016	December / 2016	Policy Total
French	\$0.00	\$0.00	\$94,625.00	\$0.00	\$279,516.24
Owens	\$0.00	\$101,127.85	\$0.00	\$0.00	\$150,878.19
Ryan	\$103,966.51	\$0.00	\$0.00	\$103,966.51	\$207,933.02
Wilson	\$63,019.00	\$36,725.51	\$0.00	\$70,086.08	\$169,830.59
<b>Month Total</b>	\$166,985.51	\$137,853.36	\$94,625.00	\$174,052.59	\$808,158.04

## Projected Administrative Expenses

The following describes the anticipated administrative expenses in the case<sup>20</sup>:

Attorneys for Debtors	\$60,000.00 (above retainers)
CRO	\$40,000.00 (above retainer of \$5K)
DIP Borrowings <sup>21</sup> :	

AGAP 109	\$166,537.68	paid by AGAP 409
AGAP 209	\$ 75,194.44	paid by AGAP 409
AGAP 309	\$150,878.19	paid by AGAP 409
AGAP 509	\$ 63,032.00	paid by AGAP 409

<sup>20</sup> Approved allowed administrative claims of professionals will be paid by AGAP Life Offerings.

<sup>21</sup> To be paid from future maturity values.

## Future DIP Borrowings:

AGAP 109	\$ 94,625.00 (plus \$5,461 in fees) to be paid by AGAP 409
AGAP 209	\$103,966.51 <sup>22</sup> (plus \$5,813 in fees) to be paid by AGAP 409
AGAP 309	\$49,750.34 (plus \$5,555 in fees) to be paid by AGAP 409

**It is expected that all future premiums per the terms of the Plan will be paid by the investor/creditors that opt in and make policy premium and admin payments.**

Proposed Payment Scheme (also attached hereto as *Exhibit "9"*)

AGAP Entity >>>	108	109	209	309	509	Life Offerings	Totals
<b>Policy Face Value</b>	<b>2,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>3,750,000</b>	<b>-</b>	<b>20,750,000</b>
Administrative Claims:							
-DIP Loans from AGAP 409	-	(266,624)	(184,972)	(150,878)	(63,032)		(665,507)
-Professional Fees						(100,000)	(100,000)
AGAP 409 Unsecured Claim	(96,519)	(265,000)	(140,000)	(171,525)	(159,726)		(832,770)
3:10 Investments Unsecured Claim	(21,490)	(47,812)	(870)	(1,073)	(846)		(72,090)
Life Offerings Unsecured Claims:							
- Prepetition	(168,516)	(367,802)	(5,683)	(7,512)	(6,047)	555,559	-
- Less: Receivables Offset			115,962	67,720	75,079	(258,760)	-
- Deferred Compensation	(204,920)	(849,208)	(316,208)	(377,054)	(312,978)	2,060,368	-
- Adjust Deferred Compensation		849,208				(849,208)	-
<b>Total Claims</b>	<b>(491,444)</b>	<b>(947,238)</b>	<b>(531,771)</b>	<b>(640,322)</b>	<b>(467,551)</b>	<b>1,407,959</b>	<b>(1,670,367)</b>
<b>Available to General Unsecured</b>	<b>1,508,556</b>	<b>4,052,762</b>	<b>4,468,229</b>	<b>4,359,678</b>	<b>3,282,449</b>	<b>1,407,959</b>	<b>19,079,633</b>
<b>General Unsecured Creditors</b>	<b>(1,570,296)</b>	<b>(3,459,389)</b>	<b>(4,493,901)</b>	<b>(4,511,983)</b>	<b>(3,285,926)</b>	<b>(516,268)</b>	<b>(17,837,763)</b>
<b>Net Totals</b>	<b>(61,740)</b>	<b>593,373</b>	<b>(25,671)</b>	<b>(152,305)</b>	<b>(3,477)</b>	<b>891,691</b>	<b>1,241,870</b>

## Summary for Life Offerings :

<b>Net Totals (from above)</b>		<b>891,691</b>
Add: Deferred Compensation due from 409 **	(** After payment of claims due to 409 from Debtor entities of \$1,498,277, excluding interest - see table above )	136,605
<b>Net Totals to Life Offerings, after payment of claims</b>		<b>1,028,296</b>

## Split of Net Totals to Life Offerings, per Plan:

To Investors that Opted Out	75%	771,222
To Members of Life Offerings (Jeff and Chuck Madden)	25%	257,074
23 24 25		

## Priority of payments under plan

1. Administrative claims, once allowed (including DIP borrowing for AGAP 108, 109, 209, 309 and 509; professional fees for Life Offerings);
2. Secured 409 claim once allowed, if any;
3. Secured 3:10 claim once allowed, if any;

<sup>22</sup> This amount may be reduced by the projected premium call to be made on the AGAP LS 209 investor/creditors.

<sup>23</sup> DIP Loans from AGAP 409 reflect financing approved by Court through 8/15/16, and one anticipated loan (motion filed 8/8/2016)

<sup>24</sup> AGAP 409 Unsecured claim is a result of the 409 Payment to Green Bank

<sup>25</sup> "Adjust deferred compensation" reflects high likelihood that the policy in AGAP 109 will be sold, so no deferred compensation will be collected.

4. Life Offerings unsecured claims which are monies owed to it by various other entities including Deferred Compensation;
5. Investors/creditors claims. The opt-in class of investor creditors will not increase based on corresponding post-confirmation premium payments but will maintain their positions by making such payments. The failure to make such payments may cause the loss of the position of the investor/creditor in that policy or a reduction of the maturity value of the policy as to that particular investor/creditor as described in the Plan.

## **ARTICLE IV:** **ANALYSIS AND VALUATION OF PROPERTY**

### **Liquidation Value of Assets**

The analysis of the liquidation of the policies is described on **Exhibit “2”** attached hereto.

## **ARTICLE V:** **SUMMARY OF THE PLAN<sup>26</sup>**

Pursuant to Section 1122 of the Bankruptcy Code, each of the Debtors has designated Classes of Claims and Interests under the Plan which will be treated as laid out below. Administrative Expenses and Priority Tax Claims are excluded from each Debtor's respective classes in accordance with § 1123(a)(1), and are instead treated in their own section. The classes shall be as follows:

### **Claims against AGAP LS 108, Case No. 16-40529-btr**

- Class AGAP 108 1: Allowed Claim of AGAP LS 409, LLC<sup>27</sup>
- Class AGAP 108 2: Allowed Claim of 3:10 Capital Investments
- Class AGAP 108 3: Allowed AGAP Life Offerings Claims
- Class AGAP 108 4: Allowed General Unsecured Claims
- Class AGAP 108 5: Equity Interests in the Debtor

### **Claims against AGAP LS 109, Case No. 16-40530-btr**

- Class AGAP 109 1: Allowed Administrative Claim of AGAP LS 409, LLC
- Class AGAP 109 2: Allowed Claim of AGAP LS 409, LLC<sup>28</sup>
- Class AGAP 109 3: Allowed Claim of 3:10 Capital Investments
- Class AGAP 109 4: Allowed AGAP Life Offerings Claims

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<sup>26</sup> A complete list of claims by class is attached hereto as **Exhibit “4”** to address the objection of the U.S. Trustee.

<sup>27</sup> This claim reflects the claim of Green Bank which was paid by AGAP LS 409, LLC for which it asserts the right to such position of Green Bank to the extent of the funds that it paid for this Debtor entity.

<sup>28</sup> Same as footnote 1.

- Class AGAP 109 5: Allowed General Unsecured Claims
- Class AGAP 109 6: Equity Interests in the Debtor

**Claims against AGAP LS 209, Case No. 16-40531-btr**

- Class AGAP 209 1: Allowed Administrative Claim of AGAP LS 409, LLC
- Class AGAP 209 2: Allowed Claim of AGAP LS 409, LLC<sup>29</sup>
- Class AGAP 209 3: Allowed Claim of 3:10 Capital Investments
- Class AGAP 209 4: Allowed AGAP Life Offerings Claims
- Class AGAP 209 5: Allowed General Unsecured Claims
- Class AGAP 209 6: Equity Interests in the Debtor

**Claims against AGAP LS 309, Case No. 16-40521-btr**

- Class AGAP 309 1: Allowed Administrative Claim of AGAP LS 409, LLC
- Class AGAP 309 2: Allowed Claim of AGAP LS 409, LLC<sup>30</sup>
- Class AGAP 309 3: Allowed Claim of 3:10 Capital Investments
- Class AGAP 309 4: Allowed AGAP Life Offerings Claims
- Class AGAP 309 5: Allowed General Unsecured Claims
- Class AGAP 309 6: Equity Interests in the Debtor

**Claims against AGAP LS 509, Case No. 16-40532-btr**

- Class AGAP 509 1: Allowed Administrative Claim of AGAP LS 409, LLC
- Class AGAP 509 2: Allowed Claim of AGAP LS 409, LLC<sup>31</sup>
- Class AGAP 509 3: Allowed Claim of 3:10 Capital Investments
- Class AGAP 509 4: Allowed AGAP Life Offerings Claims
- Class AGAP 509 5: Allowed General Unsecured Claims
- Class AGAP 509 6: Equity Interests in the Debtor

**Claims against AGAP Life Offerings, Case No. 16-40520-btr**

- Class AGAP Life Offerings 1: Allowed Administrative Claims for Professional Fees
- Class AGAP Life Offerings 2: Allowed General Unsecured Claims
- Class AGAP Life Offerings 3: Allowed Claim of AGAP LS 209, LLC
- Class AGAP Life Offerings 4: Allowed Claim of AGAP LS 309, LLC
- Class AGAP Life Offerings 5: Allowed Claim of AGAP LS 509, LLC
- Class AGAP Life Offerings 6: Equity Interests in the Debtor

**Treatment of Claims and Interests**

Debtors designate the following Classes of Claims and Interests pursuant to Bankruptcy Code Section 1122, which shall be treated in the manner set forth in this Article.

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<sup>29</sup> Same as footnote 1.

<sup>30</sup> Same as footnote 1.

<sup>31</sup> Same as footnote 1.

## **5.1 Claims against AGAP LS 108 Case No. 16-40529-btr**

### **5.1.1 Class AGAP 108 1: Allowed Claim of AGAP LS 409, LLC**

This claim shall be paid once Allowed as follows:

This Claim is an Allowed Claim and shall be paid in full from funds it receives from the proceeds received on maturity of the policy or sale of the policy. This Allowed Claim is entitled to receive interest on this claim which will accrue at the rate of 6% per annum. The total claim amount is approximately \$96,518.85.<sup>32</sup> The Allowed Claim if determined by the Court to be validly secured shall accrue interest thereon at the rate of 6% per annum. To the extent that the Allowed Claim is determined to be fully unsecured, the claim shall not accrue interest. Since the AGAP 108 Policy has matured, it is expected this claim will be paid on the Effective Date or as soon as the policy proceeds are received.

- a. To the extent that this claim is secured by a valid lien, such lien shall remain in place until the Allowed Claim is paid in full. The Court shall determine any security for such claim.
- b. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan.

### **5.1.2 Class AGAP 108 2: Allowed Claim of 3:10 Investments**

This Claim will be paid once Allowed as follows:

This Claim is an Allowed Claim and is in the amount of \$21,645.53. The Debtor has challenged whether this claim is actually a secured claim. This claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 108, LLC as soon as such funds are available. The Allowed Claim if determined by the Court to be validly secured shall accrue interest thereon at the rate of 6% per annum. To the extent that the Allowed Claim is determined to be fully unsecured the claim shall not accrue interest. There shall be no deferred fee paid as part of the Allowed Claim unless it is determined that such fee is a valid claim against the Debtor and the policy proceeds of the Debtor. To the extent that this claim is secured by a valid lien such lien shall remain in place until the Allowed Claim is paid in full. Since the AGAP 108 Policy has matured it is expected this claim will be paid on the Effective Date or as soon as the policy proceeds are received.

- a. There shall be no prepayment penalty if this Claim is paid early.
- b. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan.

### **5.1.3 Class AGAP 108 3: Allowed Claims of Life Offerings**

Life Offerings has two separate claims that will be paid once Allowed as follows:

#### **1. Claim arising from payment of pre-petition premiums**

The Allowed Claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 108, LLC as soon as such funds are available. This claim is in the amount of \$168,515.90. This claim is unsecured and arises from the payment by Life Offerings of policy premiums for AGAP LS 108. Since the AGAP 108 Policy has matured it is expected this claim will be paid on the Effective Date or as soon as the policy proceeds are received.

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<sup>32</sup> AGAP LS 409, LLC may claim the entire amount that it is owed against each of the Debtors that owe it money until it is paid in full. The total claim is in excess of \$850,000.00.

- a. There shall be no prepayment penalty if this Claim is paid early.
- b. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan. This claim is a related party claim.

## **2. Deferred Compensation Claim of Life Offerings**

This Claim will be paid **only** in the event of a maturity of the insurance policy held by AGAP LS 108, LLC, as soon as such funds are available. This claim is in the amount of \$204,920.00

This claim is not impaired and is not entitled to vote to accept or reject the Plan. This claim is a related party claim.

### **5.1.4 Class AGAP 108 4: Allowed General Unsecured Claims**

The Creditors in this Class with Allowed Claims will be treated as follows:

Creditors in this Class with Allowed Claims will pay back all past due premiums, service fees and interest by offsetting such obligations owed by such Claimants as part of the distribution of policy proceeds to this Class of Claimants. Once these adjustments are made and the payments are made to the Class 1, 2 and 3 Claimants with Allowed Claims then distributions of the policy proceeds shall be made to the Class 4 Claimants.

This Class is Impaired and the holders of the Claims are entitled to vote to accept or reject the Plan. The total claims in this Class are estimated at \$1,570,296.04.

### **5.1.5 Class AGAP 108 5: Equity Interests in the Debtor**

All equity in the Debtor will be cancelled. The equity interest holders are Impaired under the Plan. The new equity interests shall be issued to AGAP Life Offerings, LLC. AGAP Life Offerings will be owned as set forth in this Plan but will be advised by the Ad Hoc Committees formed during the Chapter 11 cases to advise the owners of each policy.

This Class is Impaired and the holders of the Interests are entitled to vote to accept or reject the Plan.

## **5.2 Claims against AGAP LS 109, Case No. 16-40530-btr**

### **5.2.1 Class AGAP 109 1: Allowed Administrative Claim of AGAP LS 409, LLC**

This claim shall be paid once Allowed as follows:

This Claim is an Allowed Administrative Claim and shall be paid in full from funds it receives from the sale of the AGAP LS 109, LLC policy or the proceeds received on maturity of the policy. This Allowed Claim is entitled to receive interest on this claim which will accrue at the rate of 4.25% per annum. This Allowed Claim is unsecured, but shall receive priority over other claims, save and except for approved professional fees and US Trustee fees, as a result of the Order Approving DIP Motion [Dkt. 31 and 123 ]. The total claim amount is approximately \$266,000.00.<sup>33</sup>

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<sup>33</sup> This Claim arises from post-petition lending by AGAP LS 409, LLC to AGAP LS 109 for the purposes of post-petition premium payments.

### **5.2.2 Class AGAP 109 2: Allowed Claim of AGAP LS 409, LLC**

This claim shall be paid once Allowed as follows:

This Claim is an Allowed Claim and shall be paid in full from funds it receives from the sale of the AGAP LS 109, LLC policy or the proceeds received on maturity of the policy. This Allowed Claim is entitled to receive interest on this claim which will accrue at the rate of 6% per annum. To the extent that this claim is secured by a valid lien such shall remain in place until the Allowed Claim is paid in full. The total claim amount is approximately \$265,000.00.<sup>34</sup> If the Allowed Claim is determined by the Court to be validly secured it shall accrue interest thereon at the rate of 6% per annum. To the extent that the Allowed Claim is determined to be fully unsecured the claim shall not accrue interest.

- a. To the extent that this claim is secured by a valid lien such lien shall remain in place until the Allowed Claim is paid in full. The Court shall determine any security for such claim.
- b. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan.

### **5.2.3 Class AGAP 109 3: Allowed Claim of 3:10 Investments**

This Claim will be paid once Allowed as follows:

This Claim is an Allowed Claim and is in the amount of \$47,811.70. The Debtor has challenged whether this claim is actually a secured claim. This claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 109, LLC as soon as such funds are available. The Allowed Claim if determined by the Court to be validly secured shall accrue interest thereon at the rate of 6% per annum. To the extent that the Allowed Claim is determined to be fully unsecured the claim shall not accrue interest. There shall be no deferred fee paid as part of the Allowed Claim unless it is determined that such fee is a valid claim against the Debtor and the policy proceeds of the Debtor. To the extent that this claim is secured by a valid lien such lien shall remain in place until the Allowed Claim is paid in full.

- a. There shall be no prepayment penalty if this Claim is paid early.
- b. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan.

### **5.2.4 Class AGAP 109 4: Allowed Claims of Life Offerings**

Life Offerings has two separate claims that will be paid once Allowed as follows:

#### **1. Claim arising from payment of pre-petition premiums**

The Allowed Claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 109, LLC as soon as such funds are available. This claim is in the amount of \$367,801.91. This claim is unsecured and arises from the payment by Life Offerings of pre-petition policy premiums for AGAP LS 109.

- a. There shall be no prepayment penalty if this Claim is paid early.
- b. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan. This claim is a related party claim.

#### **2. Deferred Compensation Claim of Life Offerings**

This Claim will be paid **only** in the event of a maturity of the insurance policy held by AGAP LS 109, LLC, as soon as such funds are available. This claim is in the amount of \$849,208.00.

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<sup>34</sup> AGAP LS 409, LLC may claim the entire amount that it is owed against each of the Debtors that owe it money until it is paid in full. The total claim is in excess of \$850,000.00.

This claim is not impaired and is not entitled to vote to accept or reject the Plan. This claim is a related party claim.

### **5.2.5 Class AGAP 109 5: Allowed General Unsecured Claims**

The Creditors in this Class with Allowed Claims will be treated as follows:

By voting in favor of the Plan each Creditor in this Class may then elect one of the following treatment options on the Ballot they will receive:

1. Any Creditors in this Class with Allowed Claims may agree to pay back all past due premiums, service fees and interest and commit to pay their portion of the future premiums until the policy matures. They will be entitled to receive the full death maturity benefits of such policy when it matures. If the policy is sold prior to maturity they will receive their pro-rata share of the sales proceeds available after paying the Administrative Claims, Class 1, 2 and 3 Allowed Claims.
2. Any Creditors in this Class with Allowed Claims may agree to reduce their maturity value and receive a reduced death benefit on the maturity value minus any past due premiums, service fees and interest charges from the Confirmation Date and commit to pay their portion of the future premiums until the policy matures. They will be entitled to receive a reduced death benefit of such policy when it matures. If the policy is sold prior to maturity, they will receive their pro-rata share of the sales proceeds available after paying the Administrative Claims, Class 1, 2 and 3 Allowed Claims.
3. Any Creditors with Allowed Claims may agree to abandon their investment if they do not desire to pay any future premiums. By agreeing to abandon their investment they are electing to be paid under the AGAP Life Offerings treatment. All past due premiums, fees and charges will be forgiven.

Any Creditor that agrees to make future premium payments but fails to do so will be treated as having abandoned their interest and will be out of the Plan. The Reorganized Debtor will provide a ten day notice to a defaulting creditor prior to any action being taken on their interest. A defaulting creditor may still be entitled to a distribution if the Debtor elects to sell the policy as a result of defaults and such defaulting creditor cures such defaults prior to the sale of the policy.

**The first premium payment will be due along with the Ballot to be submitted as part of Confirmation. To the extent that an investor/creditor opts to stay in and make policy premium payments going forward they will need to designate on their Ballot that they are making a choice 1, 2 or 3 above and include a first plan premium payment with their Ballot. A letter will be sent out by the CRO with the Ballot describing what the amount of such payment will be and who to return such payment to. This will enable the Debtors and the CRO to determine who is staying in Class 4 of the Plan at Confirmation.**

The Debtor believes that the Creditors may receive at least 10% of their current maturity value under each of the above Options 1,2, and 3.

#### Enhanced Maturity Option

If any Creditor with an Allowed Claim decides to abandon his or her share of the maturity value of any policy he or she is invested in (by not paying his premiums by a fixed default date to be set at Confirmation), then the other AGAP investors may have the opportunity to acquire this abandoned maturity value by agreeing to pay all future premiums, fees and charges until maturity. To decide who may acquire this maturity value the following selection process will be used:

A) First, the interest will be shared on a pro rata basis among those investors in that specific policy who have indicated a willingness to take over the maturity value and pay the future premiums, fees and interest charges until maturity, AND agree to have an allocated portion of the previously unpaid premiums, service fees and interest deducted from the maturity value upon maturity of the life policy .

B) Next, an individual investor in that specific policy if no others have expressed any interest to take over the maturity value and pay the future premiums, fees and interest charges until maturity.

C) Last, at the sole discretion of the manager or person responsible for the AGAP entities after Confirmation.

Attached hereto as **Exhibit “5”** is a Table describing a Hypothetical Illustration of the Opt-Out Election, with the “Opt-Out” Interests Assumed Pro-Rata by Remaining Investors.

The Chief Restructuring Officer will seek advice from and be aided by the ad hoc committees in the AGAP entities in matters related to the Enhanced Maturity Option.

The member interests allocated to the investors under Life Offerings will be non-voting interests. A new company agreement will be put in place to reflect the terms of the new limited liability company and its new ownership consistent with the terms of the Plan. The Reorganized Debtors may require the execution of documents to effectuate the Plans and in accordance with their terms. In the future the owners of member interests in Life Offerings will receive K-1's.

This Class is Impaired and the holders of the Claims are entitled to vote to accept or reject the Plan. The total claims in this Class are estimated at \$3,459,389.23.

### **5.2.6 Class AGAP 109 6: Equity Interests in the Debtor**

All equity in the Debtor will be cancelled. The equity interest holders are Impaired under the Plan. The new equity interests shall be issued to AGAP Life Offerings, LL. AGAP Life Offerings will be owned as set forth in this Plan but will be advised by the Ad Hoc Committees formed during the Chapter 11 cases to advise the owners of each policy.

This Class is Impaired and the holders of the Interests are entitled to vote to accept or reject the Plan.

## **5.3 Claims Against AGAP LS 209, Case No. 16-40531-btr**

### **5.3.1 Class AGAP 209 1: Allowed Administrative Claim of AGAP LS 409, LLC**

This claim shall be paid once Allowed as follows:

This Claim is an Allowed Administrative Claim and shall be paid in full from funds it receives from the sale of the AGAP LS 209, LLC policy or the proceeds received on maturity of the policy. This Allowed Claim is entitled to receive interest on this claim which will accrue at the rate of 4.25% per annum. This Allowed Claim is unsecured, but shall receive priority over other claims, save and except for approved professional fees and US Trustee fees, as a result of the Order Approving DIP Motion [Dkt. 31]. The total claim amount is approximately \$181,000.00.<sup>35</sup>

### **5.3.2 Class AGAP 209 2: Allowed Claim of AGAP LS 409, LLC**

This claim shall be paid once Allowed as follows:

This Claim is an Allowed Claim and shall be paid in full from funds it receives from the sale of the AGAP LS 209, LLC policy or the proceeds received on maturity of the policy. This Allowed Claim is entitled to receive interest on this claim which will accrue at the rate of 6% per annum. To the extent that this claim is

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<sup>35</sup> This Claim arises from post-petition lending by AGAP LS 409, LLC to AGAP LS 209 for the purposes of post-petition premium payments

secured by a valid lien such shall remain in place until the Allowed Claim is paid in full. The total claim amount is approximately \$140,000.00.<sup>36</sup> To the extent that the Allowed Claim is determined to be fully unsecured the claim shall not accrue interest. The Court shall determine the security for such claim.

- a. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan.

### **5.3.3 Class AGAP 209 3: Allowed Claim of 3:10 Investments**

This Claim will be paid once Allowed as follows:

This Claim is an Allowed Claim and shall be for an amount of \$871.90. The Debtor has challenged whether this claim is actually a secured claim. This claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 209, LLC as soon as such funds are available. The Allowed Claim if determined by the Court to be validly secured shall accrue interest thereon at the rate of 6% per annum. To the extent that the Allowed Claim is determined to be fully unsecured, the claim shall not accrue interest. There shall be no deferred fee paid as part of the Allowed Claim unless it is determined that such fee is a valid claim against the Debtor and the policy proceeds of the Debtor. To the extent that this claim is secured by a valid lien such shall remain in place until the Allowed Claim is paid in full.

- a. There shall be no prepayment penalty if this Claim is paid early.
- b. This Class is Impaired and the holders of the Claim is entitled to vote to accept or reject the Plan.

### **5.3.4 Class AGAP 209 4: Allowed Claims of Life Offerings**

Life Offerings has two separate claims that will be paid once Allowed as follows:

#### **1. Claim arising from pre-petition interest payments to Green Bank**

The Allowed Claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 209, LLC as soon as such funds are available. This claim is in the amount of \$5,682.59. This claim is unsecured and arises from the payment by Life Offerings of pre-petition interest on the Green Bank loans.

- a. There shall be no prepayment penalty if this Claim is paid early.
- b. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan. This claim is a related party claim.

#### **2. Deferred Compensation Claim of Life Offerings**

This Claim will be paid **only** in the event of a maturity of the insurance policy held by AGAP LS 209, LLC, as soon as such funds are available. This claim is in the amount of \$316,208.00.

This claim is not impaired and is not entitled to vote to accept or reject the Plan. This claim is a related party claim.

### **5.3.5 Class AGAP 209 5: Allowed General Unsecured Claims**

The Creditors in this Class with Allowed Claims will be treated as follows:

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<sup>36</sup> AGAP LS 409, LLC may claim the entire amount that it is owed against each of the Debtors that owe it money until it is paid in full. The total claim is in excess of \$850,000.00.

By voting in favor of the Plan each Creditor in this Class may then elect one of the following treatment options on the Ballot they will receive:

1. Any Creditors in this Class with Allowed Claims may agree to pay back all past due premiums, service fees and interest and commit to pay their portion of the future premiums until the policy matures. They will be entitled to receive the full death maturity benefits of such policy when it matures. If the policy is sold prior to maturity, they will receive their pro-rata share of the sales proceeds available after paying the Administrative Claims, Class 1, 2 and 3 Allowed Claims.
2. Any Creditors in this Class with Allowed Claims may agree to reduce their maturity value and receive a reduced death benefit on the maturity value minus any past due premiums, service fees and interest charges from the Confirmation Date and commit to pay their portion of the future premiums until the policy matures. They will be entitled to receive a reduced death benefit of such policy when it matures. If the policy is sold prior to maturity, they will receive their pro-rata share of the sales proceeds available after paying the Administrative Claims, Class 1, 2 and 3 Allowed Claims.
3. Any Creditors with Allowed Claims may agree to abandon their investment if they do not desire to pay any future premiums. By agreeing to abandon their investment, they are electing to be paid under the AGAP Life Offerings treatment. All past due premiums, fees and charges will be forgiven.

Any Creditor that agrees to make future premium payments, but fails to do so will be treated as having abandoned their interest and will be out of the Plan. The Reorganized Debtor will provide a ten day notice to a defaulting creditor prior to any action being taken on their interest. A defaulting creditor may still be entitled to a distribution, if the Debtor elects to sell the policy as a result of defaults, and such defaulting creditor cures such defaults prior to the sale of the policy.

**The first premium payment will be due along with the Ballot to be submitted as part of Confirmation. To the extent that an investor/creditor opts to stay in and make policy premium payments going forward they will need to designate on their Ballot that they are making a choice 1, 2 or 3 above and include a first plan premium payment with their Ballot. A letter will be sent out by the CRO with the Ballot describing what the amount of such payment will be and who to return such payment to. This will enable the Debtors and the CRO to determine who is staying in Class 4 of the Plan at Confirmation.**

The Debtor believes that the Creditors may receive at least 10% of their current maturity value under each of the above Options 1, 2, and 3.

#### Enhanced Maturity Option

If any Creditor with an Allowed Claim decides to abandon his or her share of the maturity value of any policy he or she is invested in (by not paying his premiums by a fixed default date to be set at Confirmation), then the other AGAP investors may have the opportunity to acquire this abandoned maturity value by agreeing to pay all future premiums, fees and charges until maturity. To decide who may acquire this maturity value the following selection process will be used:

- A) First, the interest will be shared on a pro rata basis among those investors in that specific policy who have indicated a willingness to take over the maturity value and pay the future premiums, fees and interest charges until maturity, AND agree to have an allocated portion of the previously unpaid premiums, service fees and interest deducted from the maturity value upon maturity of the life policy.
- B) Next, an individual investor in that specific policy, if no others have expressed any interest to take over the maturity value and pay the future premiums, fees and interest charges until maturity.
- C) Last, at the sole discretion of the manager or person responsible for the AGAP entities after Confirmation.

Attached hereto as **Exhibit “5”** is a Table describing a Hypothetical Illustration of the Opt-Out Election, with the “Opt-Out” Interests Assumed Pro-Rata by Remaining Investors.

The Chief Restructuring Officer will seek advice from and be aided by the ad hoc committees in the AGAP entities in matters related to the Enhanced Maturity Option.

The member interests allocated to the investors under Life Offerings will be non-voting interests. A new company agreement will be put in place to reflect the terms of the new limited liability company and its new ownership consistent with the terms of the Plan. The Reorganized Debtors may require the execution of documents to effectuate the Plans and in accordance with their terms. In the future the owners of member interests in Life Offerings will receive K-1's.

This Class is Impaired and the holders of the Claims are entitled to vote to accept or reject the Plan. The total claims in this Class are estimated at \$4,493,900.63.

### **5.3.6 Class AGAP 209 6: Equity Interests in the Debtor**

All equity in the Debtor will be cancelled. The equity interest holders are Impaired under the Plan. The new equity interests shall be issued to AGAP Life Offerings, LLC. AGAP Life Offerings will be owned as set forth in this Plan but will be advised by the Ad Hoc Committees formed during the Chapter 11 cases to advise the owners of each policy.

This Class is Impaired and the holders of the Interests are entitled to vote to accept or reject the Plan.

## **5.4 Claims Against AGAP LS 309, Case No. 16-40521-btr**

### **5.4.1 Class AGAP 309 1: Allowed Administrative Claim of AGAP LS 409, LLC**

This claim shall be paid once Allowed as follows:

This Claim is an Allowed Administrative Claim and shall be paid in full from funds it receives from the sale of the AGAP LS 309, LLC policy or the proceeds received on maturity of the policy. This Allowed Claim is entitled to receive interest on this claim which will accrue at the rate of 4.25% per annum. This Allowed Claim is unsecured, but shall receive priority over other claims, save and except for approved professional fees and US Trustee fees, as a result of the Order Approving DIP Motion [Dkt. 36 and 124]. The total claim amount is approximately \$206,000.00.<sup>37</sup>

### **5.4.2 Class AGAP 309 2: Allowed Claim of AGAP LS 409, LLC**

This claim shall be paid once Allowed as follows:

This Claim is an Allowed Claim and shall be paid in full from funds it receives from the sale of the AGAP LS 309, LLC policy or the proceeds received on maturity of the policy. This Allowed Claim is entitled to receive interest on this claim which will accrue at the rate of 6% per annum. If the Allowed Claim is determined by the Court to be validly secured it shall accrue interest thereon at the rate of 6% per annum. To the extent that the Allowed Claim is determined to be fully unsecured, the claim shall not accrue interest. To the extent that this claim is secured by a valid lien such shall remain in place until the Allowed Claim is paid in full.

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<sup>37</sup> This Claim arises from post-petition lending by AGAP LS 409, LLC to AGAP LS 309 for the purposes of post-petition premium payments.

The total claim amount is approximately \$171,524.97.<sup>38</sup> The Court shall determine the security for such claim.

- a. This Class is Impaired and the holders of the Claim are entitled to vote to accept or reject the Plan.

#### **5.4.3 Class AGAP 309 3: Allowed Claim of 3:10 Investments**

This Claim will be paid once Allowed as follows:

This Claim is an Allowed Claim and shall be for an amount of \$1,071.55. The Debtor has challenged whether this claim is actually a secured claim. This claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 309, LLC as soon as such funds are available. The Allowed Secured Claim is determined by the Court to be validly secured shall accrue interest thereon at the rate of 6% per annum. To the extent that the Allowed Claim is determined to be fully unsecured, the claim shall not accrue interest. There shall be no deferred fee paid as part of the Allowed Claim, unless it is determined that such fee is a valid claim against the Debtor and the policy proceeds of the Debtor. To the extent that this claim is secured by a valid lien, such shall remain in place until the Allowed Claim is paid in full.

- a. There shall be no prepayment penalty if this Claim is paid early.
- b. This Class is Impaired and the holders of this Claim are entitled to vote to accept or reject the Plan.

#### **5.4.4 Class AGAP 309 4: Allowed Claims of Life Offerings**

Life Offerings has two separate claims that will be paid once Allowed as follows:

##### **1. Claim arising from pre-petition interest payments to Green Bank**

The Allowed Claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 309, LLC as soon as such funds are available. This claim is in the amount of \$7,511.62. This claim is unsecured and arises from the payment by Life Offerings of pre-petition interest payments on the Green Bank loans.

- a. There shall be no prepayment penalty if this Claim is paid early.
- b. This Class is Impaired and the holders of this Claim are entitled to vote to accept or reject the Plan. This claim is a related party claim.

##### **2. Deferred Compensation Claim of Life Offerings**

This Claim will be paid **only** in the event of a maturity of the insurance policy held by AGAP LS 309, LLC, as soon as such funds are available. This claim is in the amount of \$377,054.00.

This claim is not impaired and is not entitled to vote to accept or reject the Plan. This claim is a related party claim.

#### **5.4.5 Class AGAP 309 5: Allowed General Unsecured Claims**

The Creditors in this Class with Allowed Claims will be treated as follows:

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<sup>38</sup> AGAP LS 409, LLC may claim the entire amount that it is owed against each of the Debtors that owe it money until it is paid in full. The total claim is in excess of \$850,000.00.

By voting in favor of the Plan each Creditor in this Class may then elect one of the following treatment options on the Ballot they will receive:

1. Any Creditors in this Class with Allowed Claims may agree to pay back all past due premiums, service fees and interest and commit to pay their portion of the future premiums until the policy matures. They will be entitled to receive the full death maturity benefits of such policy when it matures. If the policy is sold prior to maturity they will receive their pro-rata share of the sales proceeds available after paying the Administrative Claims, Class 1, 2 and 3 Allowed Claims.
2. Any Creditors in this Class with Allowed Claims may agree to reduce their maturity value and receive a reduced death benefit on the maturity value minus any past due premiums, service fees and interest charges from the Confirmation Date and commit to pay their portion of the future premiums until the policy matures. They will be entitled to receive a reduced death benefit of such policy when it matures. If the policy is sold prior to maturity, they will receive their pro-rata share of the sales proceeds available after paying the Administrative Claims, Class 1, 2 and 3 Allowed Claims.
3. Any Creditors with Allowed Claims may agree to abandon their investment if they do not desire to pay any future premiums. By agreeing to abandon their investment they are electing to be paid under the AGAP Life Offerings treatment. All past due premiums, fees and charges will be forgiven.

Any Creditor that agrees to make future premium payments but fails to do so will be treated as having abandoned their interest and will be out of the Plan. The Reorganized Debtor will provide a ten day notice to a defaulting creditor prior to any action being taken on their interest. A defaulting creditor may still be entitled to a distribution if the Debtor elects to sell the policy as a result of defaults and such defaulting creditor cures such defaults prior to the sale of the policy.

**The first premium payment will be due along with the Ballot to be submitted as part of Confirmation. To the extent that an investor/creditor opts to stay in and make policy premium payments going forward they will need to designate on their Ballot that they are making a choice 1, 2 or 3 above and include a first plan premium payment with their Ballot. A letter will be sent out by the CRO with the Ballot describing what the amount of such payment will be and who to return such payment to. This will enable the Debtors and the CRO to determine who is staying in Class 4 of the Plan at Confirmation.**

The Debtor believes that the Creditors may receive at least 10% of their current maturity value under each of the above Options 1,2, and 3.

#### Enhanced Maturity Option

If any Creditor with an Allowed Claim decides to abandon his or her share of the maturity value of any policy he or she is invested in (by not paying his premiums by a fixed default date to be set at Confirmation), then the other AGAP investors may have the opportunity to acquire this abandoned maturity value by agreeing to pay all future premiums, fees and charges until maturity. To decide who may acquire this maturity value the following selection process will be used:

- A) First, the interest will be shared on a pro rata basis among those investors in that specific policy who have indicated a willingness to take over the maturity value and pay the future premiums, fees and interest charges until maturity, AND agree to have an allocated portion of the previously unpaid premiums, service fees and interest deducted from the maturity value upon maturity of the life policy .
- B) Next, an individual investor in that specific policy if no others have expressed any interest to take over the maturity value and pay the future premiums, fees and interest charges until maturity.
- C) Last, at the sole discretion of the manager or person responsible for the AGAP entities after Confirmation.

Attached hereto as **Exhibit “5”** is a Table describing a Hypothetical Illustration of the Opt-Out Election, with the “Opt-Out” Interests Assumed Pro-Rata by Remaining Investors.

The Chief Restructuring Officer will seek advice from and be aided by the ad hoc committees in the AGAP entities in matters related to the Enhanced Maturity Option.

The member interests allocated to the investors under Life Offerings will be non-voting interests. A new company agreement will be put in place to reflect the terms of the new limited liability company and its new ownership consistent with the terms of the Plan. The Reorganized Debtors may require the execution of documents to effectuate the Plans and in accordance with their terms. In the future the owners of member interests in Life Offerings will receive K-1's.

This Class is Impaired and the holders of the Claims are entitled to vote to accept or reject the Plan. The total claims in this Class are estimated at \$4,511,982.91.

#### **5.4.6 Class AGAP 309 6: Equity Interests in the Debtor**

All equity in the Debtor will be cancelled. The equity interest holders are Impaired under the Plan. The new equity interests shall be issued to AGAP Life Offerings, LLC. AGAP Life Offerings will be owned as set forth in this Plan but will be advised by the Ad Hoc Committees formed during the Chapter 11 cases to advise the owners of each policy.

This Class is Impaired and the holders of the Interests are entitled to vote to accept or reject the Plan.

### **5.5 Claims against AGAP LS 509, Case No. 16-40532-btr**

#### **5.5.1 Class AGAP 509 1: Allowed Administrative Claim of AGAP LS 409, LLC**

This claim shall be paid once Allowed as follows:

This Claim is an Allowed Administrative Claim and shall be paid in full from funds it receives from the sale of the AGAP LS 509, LLC policy or the proceeds received on maturity of the policy. This Allowed Claim is entitled to receive interest on this claim which will accrue at the rate of 4.25% per annum. This Allowed Claim is unsecured, but shall receive priority over other claims, save and except for approved professional fees and US Trustee fees, as a result of the Order Approving DIP Motion [Dkt. 32]. The total claim amount is approximately \$63,000.00.<sup>39</sup>

#### **5.5.2 Class AGAP 509 2: Allowed Claim of AGAP LS 409, LLC**

This claim shall be paid once Allowed as follows:

This Claim is an Allowed Claim and shall be paid in full from funds it receives from the sale of the AGAP LS 509, LLC policy or the proceeds received on maturity of the policy. This Allowed Claim is entitled to receive interest on this claim which will accrue at the rate of 6% per annum. To the extent that this claim is secured by a valid lien such lien shall remain in place until the Allowed Claim is paid in full. To the extent

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<sup>39</sup> This Claim arises from post-petition lending by AGAP LS 409, LLC to AGAP LS 509 for the purposes of post-petition premium payments.

that the claim is unsecured it shall not be paid interest on such claim. The total claim amount is approximately \$159,726.37.<sup>40</sup>

- a. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan.

### **5.5.3 Class AGAP 509 3: Allowed Claim of 3:10 Investments**

This Claim will be paid once Allowed as follows:

This Claim is an Allowed Claim and shall be for an amount of \$845.87. The Debtor has challenged whether this claim is actually a secured claim. This claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 509, LLC as soon as such funds are available. The Allowed Claim if determined by the Court to be validly secured shall accrue interest thereon at the rate of 6% per annum. To the extent that the Allowed Claim is determined to be fully unsecured the claim shall not accrue interest. There shall be no deferred fee paid as part of the Allowed Claim unless it is determined that such fee is a valid claim against the Debtor and the policy proceeds of the Debtor. To the extent that this claim is secured by a valid lien such shall remain in place until the Allowed Claim is paid in full.

- b. There shall be no prepayment penalty if this Claim is paid early.
- c. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan.

### **5.5.4 Class AGAP 509 4: Allowed Claims of Life Offerings**

Life Offerings has two separate claims that will be paid once Allowed as follows:

#### **1. Claim arising from pre-petition interest payments to Green Bank**

The Allowed Claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 509, LLC as soon as such funds are available. This claim is in the amount of \$6,047.45. This claim is unsecured and arises from the payment by Life Offerings of pre-petition interest payments on the Green Bank loans.

- a. There shall be no prepayment penalty if this Claim is paid early.
- b. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan. This claim is a related party claim.

#### **2. Deferred Compensation Claim of Life Offerings**

This Claim will be paid only in the event of a maturity of the insurance policy held by AGAP LS 509, LLC, as soon as such funds are available. This claim is in the amount of \$312,978.00.

This claim is not impaired and is not entitled to vote to accept or reject the Plan. This claim is a related party claim.

### **5.5.5 Class AGAP 509 5: Allowed General Unsecured Claims**

The Creditors in this Class with Allowed Claims will be treated as follows:

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<sup>40</sup> AGAP LS 409, LLC may claim the entire amount that it is owed against each of the Debtors that owe it money until it is paid in full. The total claim is in excess of \$850,000.00.

By voting in favor of the Plan each Creditor in this Class may then elect one of the following treatment options on the Ballot they will receive:

1. Any Creditors in this Class with Allowed Claims may agree to pay back all past due premiums, service fees and interest and commit to pay their portion of the future premiums until the policy matures. They will be entitled to receive the full death maturity benefits of such policy when it matures. If the policy is sold prior to maturity they will receive their pro-rata share of the sales proceeds available after paying the Administrative Claims, Class 1, 2 and 3 Allowed Claims.
2. Any Creditors in this Class with Allowed Claims may agree to reduce their maturity value and receive a reduced death benefit on the maturity value minus any past due premiums, service fees and interest charges from the Confirmation Date and commit to pay their portion of the future premiums until the policy matures. They will be entitled to receive a reduced death benefit of such policy when it matures. If the policy is sold prior to maturity, they will receive their pro-rata share of the sales proceeds available after paying the Administrative Claims, Class 1, 2 and 3 Allowed Claims.
3. Any Creditors with Allowed Claims may agree to abandon their investment if they do not desire to pay any future premiums. By agreeing to abandon their investment they are electing to be paid under the AGAP Life Offerings treatment. All past due premiums, fees and charges will be forgiven.

Any Creditor that agrees to make future premium payments but fails to do so will be treated as having abandoned their interest and will be out of the Plan. The Reorganized Debtor will provide a ten day notice to a defaulting creditor prior to any action being taken on their interest. A defaulting creditor may still be entitled to a distribution if the Debtor elects to sell the policy as a result of defaults and such defaulting creditor cures such defaults prior to the sale of the policy.

**The first premium payment will be due along with the Ballot to be submitted as part of Confirmation. To the extent that an investor/creditor opts to stay in and make policy premium payments going forward they will need to designate on their Ballot that they are making a choice 1, 2 or 3 above and include a first plan premium payment with their Ballot. A letter will be sent out by the CRO with the Ballot describing what the amount of such payment will be and who to return such payment to. This will enable the Debtors and the CRO to determine who is staying in Class 4 of the Plan at Confirmation.**

The Debtor believes that the Creditors may receive at least 10% of their current maturity value under each of the above Options 1,2, and 3.

#### Enhanced Maturity Option

If any Creditor with an Allowed Claim decides to abandon his or her share of the maturity value of any policy he or she is invested in (by not paying his premiums by a fixed default date to be set at Confirmation), then the other AGAP investors may have the opportunity to acquire this abandoned maturity value by agreeing to pay all future premiums, fees and charges until maturity. To decide who may acquire this maturity value the following selection process will be used:

- A) First, the interest will be shared on a pro rata basis among those investors in that specific policy who have indicated a willingness to take over the maturity value and pay the future premiums, fees and interest charges until maturity, AND agree to have an allocated portion of the previously unpaid premiums, service fees and interest deducted from the maturity value upon maturity of the life policy .
- B) Next, an individual investor in that specific policy if no others have expressed any interest to take over the maturity value and pay the future premiums, fees and interest charges until maturity.
- C) Last, at the sole discretion of the manager or person responsible for the AGAP entities after Confirmation.

Attached hereto as **Exhibit “5”** is a Table describing a Hypothetical Illustration of the Opt-Out Election, with the “Opt-Out” Interests Assumed Pro-Rata by Remaining Investors.

The Chief Restructuring Officer will seek advice from and be aided by the ad hoc committees in the AGAP entities in matters related to the Enhanced Maturity Option.

The member interests allocated to the investors under Life Offerings will be non-voting interests. A new company agreement will be put in place to reflect the terms of the new limited liability company and its new ownership consistent with the terms of the Plan. The Reorganized Debtors may require the execution of documents to effectuate the Plans and in accordance with their terms. In the future the owners of member interests in Life Offerings will receive K-1's.

This Class is Impaired and the holders of the Claims are entitled to vote to accept or reject the Plan. The total claims in this Class are estimated at \$3,285,925.95.

#### **5.5.6 Class AGAP 509 6: Equity Interests in the Debtor**

All equity in the Debtor will be cancelled. The equity interest holders are Impaired under the Plan. The new equity interests shall be issued to AGAP Life Offerings, LLC. AGAP Life Offerings will be owned as set forth in this Plan but will be advised by the Ad Hoc Committees formed during the Chapter 11 cases to advise the owners for each policy.

AGAP Life Offerings will be owned as set forth in this Plan but will be advised by the Ad Hoc Committees formed during the Chapter 11 cases to advise the owners of each policy.

This Class is Impaired and the holders of the Interests are entitled to vote to accept or reject the Plan.

### **5.6 Claims against AGAP Life Offerings, Case No. 16-40520-btr**

All AGAP Deferred Compensation shall be contributed to AGAP Life Offerings to be used to fund the distributions under this Plan.

#### **5.6.1 Class AGAP Life Offerings 1: Allowed Administrative Priority Claims for Professional Fees**

The Claims in this class are estimated at \$100,000.00 - \$40,000.00 for the Chief Restructuring Officer and \$60,000.00 for legal professionals.

#### **5.6.2 Class AGAP Life Offerings 2: Allowed General Unsecured Claims**

The Claims will be paid once Allowed as follows:

These claims shall be paid in full from the funds received by the Debtor from the amounts paid to it by the related Debtor entities that each owe this Debtor funds for covering its policy premiums. These claims shall bear interest at the rate of 5% per annum until the Allowed Claims are paid in full. The total claims in this Class are approximately \$516,268.18.

- a. There shall be no prepayment penalty if this Claim is paid early.
- b. This Class is Impaired and the holders of the Claims are entitled to vote to accept or reject the Plan.

### **5.6.3 Class AGAP Life Offerings 3: Allowed Claims of AGAP LS 209, LLC**

This Claim will be paid once Allowed as follows:

The Allowed Claim shall be paid in full from the funds received by the Debtor from the amounts paid to it by the related Debtor entities that each owe this Debtor funds for covering its policy premiums. This claim is in the amount of \$115,961.87.

- a. There shall be no prepayment penalty if this Claim is paid early.
- b. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan. This claim is a related party claim.

### **5.6.4 Class AGAP Life Offerings 4: Allowed Claims of AGAP LS 309, LLC**

This Claim will be paid once Allowed as follows:

The Allowed Claim shall be paid in full from the funds received by the Debtor from the amounts paid to it by the related Debtor entities that each owe this Debtor funds for covering its policy premiums. This claim is in the amount of \$67,719.61.

- a. There shall be no prepayment penalty if this Claim is paid early.
- b. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan. This claim is a related party claim.

### **5.6.5 Class AGAP Life Offerings 5: Allowed Claims of AGAP LS 509, LLC**

This Claim will be paid once Allowed as follows:

The Allowed Claim shall be paid in full from the funds received by the Debtor from the amounts paid to it by the related Debtor entities that each owe this Debtor funds for covering its policy premiums. This claim is in the amount of \$75,078.87.

- a. There shall be no prepayment penalty if this Claim is paid early.
- b. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan. This claim is a related party claim.

### **5.6.6 Class AGAP Life Offerings 6: Equity Interests in the Debtor**

All equity in the Debtor will be cancelled. The equity interest holders are Impaired under the Plan and may vote to accept or reject the Plan.

The equity interests in this Debtor shall be issued 25% to Jeff Madden and Charles Madden and 75% to all the Class 4 Claimants in AGAP 109, AGAP 209, AGAP 309 and AGAP 509 pro-rata that abandon their interests in their respective Debtors.

### **AGAP Life Offerings Deferred Compensation**

Each of the policy-holding Debtor entities (AGAP LS 108, 109, 209, 309 and 509), together with AGAP LS 409, LLC (a non-debtor), provided for an amount to be paid to AGAP Life Offerings, LLC upon

the maturity of the life insurance policies (i.e. death of the insureds), or the payoff of the longevity risk protection contracts (“LRP Contracts”). The LRP Contracts were structured to pay off at the end of twelve months following the life expectancy of the insured person. This amount due to Life Offerings has been referred to as “deferred compensation” because it was to be paid only upon the events described above. The amount is the residual of the death benefit of the life policies after deducting the Total Maturity Values (defined below) to the individual investors in the respective policy-holding Debtor entity. The Maturity Values are the amounts to be received by the investors, either from death benefits or payoff of the LRP Contracts, and were calculated by applying a stipulated Maturity Yield (defined below) to their initial investment amounts. The Maturity Yields were different for each entity and the subscription documents reflected the individual investment amount, Maturity Yield, Maturity Values and life expectancy. Maturity Yield was the estimated expected return to the investors, expressed as a percentage of the initial investment, over the term of the life expectancy of the insured person PLUS twelve months to consider the potential for payoff of the LRP Contracts in the event the insured lived beyond their life expectancy. As described above, deferred compensation is due to Life Offerings only in the event of the maturity of the policy or the payoff of the LRP Contracts. In the event a policy is sold prior to maturity, Life offerings would not receive deferred compensation because, by definition, such amounts only arise from the maturity of the policy or payoff of the LRP Contracts.

In the event of default of the LRP Contracts, which actually occurred in these cases, then required additional premiums to be paid by the investors under the terms of the subscription agreements. The offering documents of AGAP LS 209, 309, 409 and 509 provided that any such premiums would be reimbursed to the investors upon maturity of the policies out of the deferred compensation due to AGAP Life Offerings, LLC. This reimbursement concept was also adopted by Life Offerings for AGAP LS 108 and AGAP LS 109 after the fact. The Plan does not provide for this reimbursement because the deferred compensation is being used to fund Life Offerings under the Plan so that investors who elect to abandon their positions in their respective Debtor entity can still recover monies through Life Offerings. The Debtors agree that paying this reimbursement amount would negatively affect Life Offerings proposal in the Plans to contribute such deferred compensation to the investor/creditors. As explained above, deferred compensation would not be due to Life Offerings in the event of the sale of a policy. A sale of a policy is an event contemplated under the Plan, and could occur, for example, in the event the majority of investors in a policy-holding Debtor entity did not want to continue paying premiums and elected instead to sell the policy at a discount to face value in order to recover some amount of monies instead of defaulting and lapsing the policy and receive nothing at all. Also, if a significant number of investors in a policy-holding entity elect to opt out under the Plan, and others do not assume the premium paying position of the investors opting out, the remaining investors may elect to instead reduce the face value of the policy and continue paying their same premium. In this event, the amount of the residual due to Life Offerings will be reduced.

In the Subscription Agreements and related documents there was no provision to remove investor/creditors that did not pay policy premiums and admin fees. One important feature of the Plans is to make provision for investor/creditors to opt out of making future premium payments, admin fee and interest payments and for the future removal if an investor/creditor fails to make future premium, admin fee and interest payments as required by calls to such investor/creditors. No investor/creditor is being defaulted as a result of having failed to make past payments as of the Confirmation Date, but any creditor failing to do so going forward post-confirmation will be subject to being defaulted under the terms of the Plan.

As of July 28, 2016, the relevant amounts related to Deferred Compensation for each of the AGAP entities is shown in the table below. As explained above, the amounts due to Life Offerings will be reduced in the event of a sale of the policy or a reduction of the face value of the policy.

Entity	Policy Death Benefit	Total Maturity Value	Capital Raised	AGAP Life Residual (i.e. Deferred Compensation)
	A	B	C	D (= A - B)
AGAP LS 108 LLC (a)	\$ 2,000,000	\$ 1,795,081	\$ 1,237,987	\$ 204,920
AGAP LS 109 LLC (b)	5,000,000	4,150,792	2,570,115	849,208
AGAP LS 209 LLC	5,000,000	4,683,792	2,735,309	316,208
AGAP LS 309 LLC	5,000,000	4,622,946	2,614,203	377,054
AGAP LS 409 LLC	2,000,000	1,863,395	1,032,853	136,605
AGAP LS 509 LLC	3,750,000	3,437,022	1,828,634	312,978
	<u>\$ 22,750,000</u>	<u>\$ 20,553,027</u>	<u>\$ 12,019,101</u>	
Sub-Totals Related to Deferred Comp to AGAP Life Offerings				\$ 2,196,973
Less: Deferred Comp on AGAP LS 109 unlikely (b)				(849,208)
Adjusted Totals to AGAP Life Offerings				\$ 1,347,765

(a) Policy in AGAP LS 108 matured in June, 2016.  
 (b) Assumes Policy in AGAP LS 109 is sold due to extremely low participation in premium payments, resulting in no deferred compensation to AGAP Life Offerings.

The policy-holding Debtor entities (AGAP LS 108, 109, 209, 309 and 509) will pay AGAP Life Offerings, LLC the amount of the “AGAP Residual (i.e., Deferred Compensation)” amount upon the maturity and payoff of the individual life policies. In addition to those amounts described in the table above, AGAP Life Offerings is also entitled to collect for amounts it advanced to the various related Debtor entities in the combined amount of \$555,559.00. AGAP Life Offerings will pay the following estimated claims: \$516,268.00 to Class 2 Creditors; \$258,760.00 to related Debtor entities, AGAP LS 209, 309 and 509 (\$115,961.87 to AGAP LS 209, \$67,719.61 to AGAP LS 309, and \$75,078.87 to AGAP LS 509, all scheduled as accounts receivable on the respective entities’ Schedule B); Administrative Priority Claims for professional fees estimated at \$100,000 leaving what it projects as a balance of funds of \$1,028,296 of which the investor/creditors would receive 75%, which is \$771,222. All Administrative Priority Claims for professional fees will be paid from AGAP Life Offerings, the policy-holding Debtor entities will not pay Administrative Priority Claims for professional fees.

The Maturity Value is the face value of the life insurance policy. As to each investor/creditor they have been assigned a value based on their share of the Maturity Value of a policy less their share of unpaid policy premiums, admin fees and interest, assuming that they will opt to stay in a position that requires them to make future premium and admin payments. On Final Maturity of the policies, policy by policy, the amount to be paid to investor/creditors will be adjusted to catch up the premiums, admin expenses and interest on same that were not paid by an investor/creditor by deducting such amount from their final Maturity Value. Unlike the original subscription provisions there will be no credit back to investors for premiums paid from the Deferred Compensation. The amount of Deferred Compensation payable to AGAP Life Offerings will not be determined by reducing the Deferred Compensation by the amounts owed to investors for premium payments because the Plan alters this payment scheme and the rights of investors to receive past premiums paid.

Post-confirmation premium payments will not erode the amount of any Deferred Compensation owed to AGAP Life Offerings because the Plan does not provide for this. By changing this arrangement for the pay back of policy premiums there will be Deferred Compensation remaining to pay to the Life Offerings creditors/investors.

The U.S. Trustee points out that concerning the actual documents, as to AGAP 108 and AGAP 109, the Offering Circular for 108 (and presumably 109) on page 4, under Other Compensation, states generally in the first paragraph that after payment of investors’ full value, any remaining proceeds goes to the benefit

of AGAP LS 108 (thus, its investor owners). The subscription agreements for 108 and 109 are silent on the issue. The escrow agreement for 108 (and presumably 109), at paragraph 11, generally states that any residual proceeds after investors receive their full value will go to Life Offerings.

The U.S. Trustee points out that as to AGAP LS 209, AGAP LS 309, and AGAP LS 509, the source of any residual compensation to Life Offerings is less clear because the documents appear to contemplate a direct purchase of the interest by the investor and the expenses are all on the front end. The subscription agreements are silent as to deferred compensation. The Debtors are treating the "Deferred Compensation" under the Plans as set forth above. To the extent there is a conflict between any of the original documents, subscription agreements and contracts, the Plan shall control.

In a nutshell, the Plan is a new agreement setting forth how the investor/creditor rights vis a vis the entity/policy proceeds are being proposed to be adjusted. The Plan is very clearly intended to be a new deal and its terms set forth the actual future adjustments to be made. The U.S. Trustee believes that what was described in the original subscription documents, agreements and disclosures contributed to confusion in the case and prior to its filing. The Plan treatment for the Class 4 investor/creditors is intended to be very simple and far less confusing than the prior documents that may have attempted to set forth their arrangements.

## **Provisions for Payment of Administrative Expenses and Priority Tax Claims**

Administrative Expenses and Priority Tax Claims of the kinds specified in §§ 507(a)(1), 502(i) and 507(a)(8) of the Bankruptcy Code are excluded from the Debtor's respective classes below in accordance with § 1123(a)(1) and are not separately classified. Such expenses and claims shall be treated as specified in this Article.

### **Treatment of Allowed Administrative Expenses**

Allowed Administrative Expenses will be paid in full once Allowed, on or before the Effective Date, or at a later date as set by the Court if the allowance process extends beyond the Effective Date. Provided, however, that the holder of an Allowed Administrative Expense may agree to a different treatment. This Section shall include DIP loans approved by the Court having an administrative expense priority.

### **Treatment of Allowed Priority Claims**

Allowed Priority Claims will be paid by the Reorganized Debtor once Allowed over five (5) years with interest on such amounts at the rate of 3.5% per annum until paid in full. The payments shall be made in equal monthly payments on the first day of the month following the Effective Date and shall continue on the first day of each month thereafter until paid in full.

### **Title 28 U.S.C. Section 1930 Fees**

Debtors shall pay all fees assessed by the Office of the United States Trustee until this Case is closed by the Court or the Debtors are otherwise released from such obligations by the Court.

## **Treatment of Claims and Interests**

Debtors designate the following Classes of Claims and Interests pursuant to Bankruptcy Code Section 1122, which shall be treated in the manner set forth in this Article. The Plan provides for the continued maintenance of the insurance policies by the payment of premiums from the Creditors that elect to Opt into the Plan and make their pro-rata share of such payments. It is difficult to determine what the required payments will be until the actual Opt In participants are determined by balloting. Also other participants may have the option to pick up the interests of Opt Out creditors. The goal of the Plan is to maintain the policy values until maturity.

## **ARTICLE VI:**

### **ASSUMPTION AND REJECTION OF EXECUTORY CONTRACTS**

### **AND UNEXPIRED LEASES.**

**6.01** Debtors shall assume, pursuant to Bankruptcy Code Section 1123(b)(2) all insurance policies that are owned by the Debtors on the Confirmation Date and same shall be considered in good standing as of the Confirmation Date. Pursuant to the terms of this Plan the Debtors are assuming the life policies that serve as the personal property of each Debtor. Any other executory contracts shall be assumed by separate motion or as part of confirmation if identified as part of the Plan by the Debtors.

## **ARTICLE VII:**

### **FEASIBILITY OF PLAN**

**7.01** Debtors assert that this plan is feasible based on **Exhibit 3.**

#### **Procedure for Filing Proofs of Claims and Proofs of Interests**

**7.02.** All proofs of claims and proofs of interests must be filed by those Claimants and Equity Interest Holders who have not filed such instruments on or before the Bar Date fixed by the Court.

**7.03** If Claimants have already filed a proof of claim with the Court or are listed in the Debtors' Schedules as holding non-contingent, liquidated and undisputed claims, a proof of claim need not be filed. The schedules and amendments thereto are on file with the Court and are open for inspection during regular Court hours. If the equity security interest of an Equity Interest Holder is properly reflected in the Debtors, a proof of interest need not be filed.

## **ARTICLE VIII:**

### **ALTERNATIVES TO DEBTOR'S PLAN**

**8.01** If the Debtors' Plan is not confirmed, the Debtors' bankruptcy case may be converted to a case under Chapter 7 of the Code, in which case a trustee would be appointed to liquidate the assets of the Debtors for distribution to its Creditors in accordance with the priorities of the Code. In a liquidation it would difficult for the investor unsecured creditors to receive any value since the secured debts and administrative costs would eat up the majority of the value. The Chapter 7 Trustee would likely only have the option to sell the policies. The Trustee would not be able to solicit and obtain premiums from the underlying creditor/investors. A complete liquidation of the policies would return little to the creditor/investors. This scenario is discussed under the liquidation analysis.

## **ARTICLE IX:**

### **RISKS TO CREDITORS UNDER THE DEBTOR'S PLAN**

**9.01** Claimants should be aware that there are a number of substantial risks involved in consummation of the Plan. The Plan contemplates that the Debtors' business will generate revenue sufficient to pay the obligations accruing from its operations. The Debtors do not "guarantee" that the expenses will equal those in the projections; however, the Debtors believe that the projections are reasonable. The largest concern is making sure future policy premiums are paid so the policy values are maintained.

## **ARTICLE X:**

### **TAX CONSEQUENCES TO THE DEBTORS**

TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, HOLDERS OF CLAIMS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF UNITED STATES FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED OR RELIED UPON, AND CANNOT BE USED OR RELIED UPON, BY HOLDERS OF CLAIMS OR INTERESTS OR ANY OTHER PERSONS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS OF CLAIMS OR ANY OTHER PERSONS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF U.S. TREASURY DEPARTMENT CIRCULAR 230) OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS AND INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

#### **A. Introduction**

The following discussion summarizes certain material U.S. federal income tax consequences of the Plan to the Debtor and holders of Claims and Interests. The summary is provided for general informational purposes only and is based on the United States Internal Revenue Code of 1986, as amended (the "Tax Code"), the treasury regulations promulgated thereunder, judicial authority and current administrative rulings and practice, all as in effect as of the date hereof (except as otherwise noted below with regard to the American Recovery and Reinvestment Act of 2009), and all of which are subject to change, possibly with retroactive effect. Changes in any of these authorities or in their interpretation could cause the United States federal income tax consequences of the Plan to differ materially from the consequences described below. The United States federal income tax consequences of the Plan are complex and in important respects uncertain. No ruling has been requested from the Internal Revenue Service (the "Service"); no opinion has been requested from Debtor's counsel concerning any tax consequence of the Plan; and no tax opinion is given by this Disclosure Statement.

The following discussion does not address all aspects of federal income taxation that may be relevant to a particular holder of a Claim or Interest in light of its particular facts and circumstances or to particular types of holders of Claims subject to special treatment under the Tax Code. For example, the discussion does not address issues of concern to broker-dealers or other dealers in securities, or foreign (non-U.S.) persons, nor does it address any aspects of state, local, or foreign (non-U.S.) taxation, or the taxation of holders of Interests in a Debtor. In addition, a substantial amount of time may elapse between the Confirmation Date and the receipt of a final distribution under the Plan. Events subsequent to the date of this Disclosure Statement, such as the enactment of additional tax legislation, court decisions or administrative changes, could affect the federal income tax consequences of the Plan and the transactions contemplated hereunder.

**On February 13, 2009, the House of Representatives and the Senate passed H.R.1, the American Recovery and Reinvestment Act of 2009 (the Recovery Act), a stimulus bill that includes tax breaks for businesses and individuals. The President signed the Recovery Act on February 17, 2009. The following discussion does not address any aspects of the Recovery Act, some of which may be relevant to a particular holder of a Claim or an Interest.**

**THE DISCUSSION THAT FOLLOWS IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND PROFESSIONAL TAX ADVICE BASED ON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. EACH HOLDER OF A CLAIM OR INTEREST IS URGED TO CONSULT WITH ITS TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.**

#### **B. Certain Definitions**

Except as expressly otherwise provided or unless the context otherwise requires, all capitalized terms not otherwise defined herein or in the Plan shall have the respective meanings assigned to them in this Article.

“**COD**” shall mean cancellation of indebtedness income.

“**NOL**” shall mean net operating loss.

#### **C. Certain Material Federal Income Tax Consequences to the Debtor**

Cancellation of a Debtor's debt is generally taxable income to the Debtor. COD is the amount by which the indebtedness of a Debtor discharged exceeds any consideration given in exchange therefore. Cancellation of a debt may not necessarily be COD, however. To the extent that the Debtor is insolvent, or if the Debtor is in bankruptcy, as is the case here, the Tax Code permits the Debtor to exclude the COD from its gross income. The statutory exclusion for COD in a title 11 case generally excludes COD from gross income if the discharge is granted by a court to a Debtor under its jurisdiction in a title 11 case, as is sought herein.

The price for the bankruptcy COD exclusion (as well as the insolvency exclusion) is reduction of the Debtor's tax attributes to the extent of the COD income, generally in the following order: NOLs for the year of the discharge and NOL carryovers from prior years; general business tax credit

carryovers; minimum tax credit available as of the beginning of the year following the year of discharge; net capital loss for the year of discharge and capital loss carryovers from prior years; basis of the Debtor's assets; passive activity loss and credit carryovers from the year of discharge; and foreign tax credit carryovers to or from the year of discharge. The reduction of attributes does not occur until after the end of the Debtor's tax year in which the COD occurred, so they are available to the Debtor in determining the amount of its income, loss and tax liability for the year of discharge.

As a result of the implementation of the Plan, the Debtors will have COD and potential attribute reduction. Because any reduction in tax attributes does not effectively occur until the first day of the taxable year following the taxable year in which the COD is incurred, the resulting COD, on its own, should not impair the ability of the Debtor to use their tax attributes (to the extent otherwise available) to reduce their tax liability, if any, otherwise resulting from the implementation of the Plan.

Under section 382 of the Tax Code, if a corporation undergoes an "ownership shift," the amount of its Pre-Change Losses that may be utilized to offset future taxable income generally is subject to an annual limitation. Although the Plan allows for an ownership change it is doubtful that one will occur and as such any owner of the Debtor should consult his own tax adviser concerning the effect of the Plan.

The United States federal income tax consequences of payment of Allowed Claims pursuant to the Plan will depend on, among other things, the consideration received, or deemed to have been received, by the holder of the Allowed Claim, whether such holder reports income on the accrual or cash method, whether such holder receives distributions under the Plan in more than one taxable year, whether such holder's Claim is allowed or disputed at the Effective Date, whether such holder has taken a bad debt deduction or worthless security deduction with respect to its Claim.

In general, a holder of a Claim should recognize gain or loss equal to the amount realized under the Plan in respect of its Claim less the amount of such holder's basis in its Claim. Any gain or loss recognized in the exchange may be long-term or short-term capital gain or loss or ordinary income or loss, depending upon the nature of the Claim and the holder, the length of time the holder held the Claim and whether the Claim was acquired at a market discount. If the holder realizes a capital loss, its deduction of the loss may be subject to limitations under the Tax Code. The holder's aggregate tax basis for any property received under the Plan generally will equal the amount realized. The amount realized by a holder generally will equal the sum of the cash and the fair market value of any other property received (or deemed received) by the holder under the Plan on the Effective Date and/or any subsequent distribution date, less the amount (if any) allocable to Claims for interest. All holders of Allowed Claims are urged to consult their tax advisors. A holder of a Claim constituting an installment obligation for tax purposes may be required to recognize currently any gain remaining with respect to the obligation if, pursuant to the Plan, the obligation is considered to be satisfied at other than its face value, distributed, transmitted, sold or otherwise disposed of within the meaning of Section 453B of the Tax Code.

#### D. Importance of Obtaining Professional Tax Assistance

The foregoing discussion is intended only as a summary of certain U.S. federal income tax consequences of the Plan, and is not a substitute for careful tax planning with a tax professional. The above discussion is for general information purposes only and is not tax advice. The tax consequences are in many cases uncertain and may vary depending on a holder's individual circumstances.

HOLDERS OF CLAIMS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS ABOUT THE FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

## **ARTICLE XI:**

### **PENDING LITIGATION**

**11.01** As of the date of the filing of the following matters are pending: none at this time.

## **ARTICLE XII:**

### **SUMMARY OF SIGNIFICANT ORDERS ENTERED DURING THE CASE**

**12.01** As of the date of the filing of this Disclosure the following significant orders have been entered in this case:

- Employment of Joyce W. Lindauer as attorney for AGAP Debtors
- Motion for Joint Administration Filed by AGAP Life Offerings
- Motion/Emergency Motion to Release Funds Held by Creditor Green Bank Filed by AGAP Life Offerings
- Interim Order Granting Debtors Emergency Motion to Release Funds
- Order Granting Debtors Motion to Jointly Administer Cases
- Order on Notice of Hearing
- Order Granting Debtor's Second Emergency Motion to Release Funds
- Order Granting Motion to Confirm Stay Does Not Apply, Or Alternatively, For Relief From Stay
- Orders Granting Borrowings for Life Premium Payments

Respectfully submitted,

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/s/ Jeff Madden

Jeff Madden  
President

## **EXHIBIT 1**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION**

<b>IN RE:</b>	§
	§
<b>AGAP LIFE OFFERINGS, LLC,</b>	§ <b>Case No. 16-40520-btr</b>
	§
<b>AGAP LS 108, LLC,</b>	§ <b>Chapter 11</b>
<b>AGAP LS 109, LLC,</b>	§
<b>AGAP LS 209, LLC,</b>	§ <b>(Jointly Administered)</b>
<b>AGAP LS 309, LLC,</b>	§
<b>AGAP LS 509, LLC,</b>	§
	§
<b>Debtors.</b>	§

**FOURTH JOINT PLAN OF REORGANIZATION DATED AUGUST 16, 2016**

AGAP Life Offerings, LLC, AGAP LS 108, LLC, AGAP LS 109, LLC, AGAP LS 209, LLC, AGAP LS 309, LLC and AGAP LS 509, LLC (collectively "AGAP Debtors"), Debtors in the specified bankruptcy cases, propose the following Fourth Joint Plan of Reorganization Dated August 16, 2016 ("Plan"), pursuant to Chapter 11 of the United States Bankruptcy Code on behalf of the Debtors.

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## ARTICLE I: Introduction

### **1.1 Introduction**

This Plan is proposed by and on behalf of each Debtor under Chapter 11 of the Bankruptcy Code. Reference is made to the associated Disclosure Statement for a discussion of the Debtors' histories, results of operations, historical financial information, and assets, and for a summary and analysis of the Plan. All holders of Claims against and Interests in a Debtor are encouraged to read the Plan and the Disclosure Statement in their entirety before voting to accept or reject the Plan.

### **1.2 Merger**

This plan proposes to merge only certain operations and assets of the Debtors.

### **1.3 Definitions**

Unless the context otherwise requires, capitalized terms in this Plan shall have the meanings set forth in this section. Capitalized terms not specifically defined in this section shall have the definitions given those terms, if applicable, in the Bankruptcy Code.

**1.3.1. Administrative Claim or Expense** means an administrative expense or Claim described in Section 503 of the Bankruptcy Code and entitled to administrative priority pursuant to Section 507(a)(1) of the Bankruptcy Code, including, but not limited to, Claims for compensation of professionals made pursuant to Sections 330 and 331 of the Bankruptcy Code, and all fees and charges assessed against the Debtors and Debtors' property under 28 U.S.C. Section 1930.

**1.3.2. Administrative Tax Claim** means an Unsecured Claim by any governmental unit for taxes (including interest or penalties related to such taxes) for any tax year or period, all or a portion of which occurs or falls within the period from and including the Petition Date through the Effective Date.

**1.3.3. Allowed** shall mean with respect to a right to payment against a Debtor, either as a Claim or expense or otherwise, means such amount that has either been scheduled by a Debtor in its respective schedules as not disputed, contingent, or unliquidated in a specific dollar amount or for which a proof of claim was filed with the Bankruptcy Court on or before the Bar Date, and (a) as to which no objection has been filed with the Bankruptcy Court by the Objection Deadline, or (b) as to which an objection was filed, and then only to the extent allowed by Final Order of the Bankruptcy Court. Unless otherwise specified in this Plan, an Allowed Claim shall not include any amount of punitive damages, penalties, or any amount of interest which may have accrued from and after the Petition Date on any such Claim. Nothing contained herein shall in any way limit the right of the Debtors to request the Bankruptcy Court to designate, pursuant to § 1126(e) of the Code, any Claimant as an entity whose acceptance or rejection of the Plan was not in good faith or is not solicited or procured in good faith or in accordance with the provisions of Chapter 11 of the Code.

**1.3.4. Allowed Claim** means a Claim against a debtor allowable under the Bankruptcy Code to the extent that (i) a proof of Claim, proof of Interest, or request for payment was timely Filed or, with leave of the Bankruptcy Court, late Filed, and as to which no objection has been timely Filed or, if Filed, is allowed by a Final Order, unless otherwise provided in the Plan or (ii) the Claim is scheduled and not listed as disputed, contingent, or unliquidated, and to which no objection has been timely Filed or, if Filed, is allowed by a Final Order.

**1.3.5. Allowed Interests** shall mean the equity interests of all of the holders of any Equity Security of a Debtor prior to the Confirmation Date.

**1.3.6. Allowed Secured Claim** means any Allowed Claim secured by a lien, security interest, or other charge or interest in property in which a debtor has an interest, to the extent of the value thereof (determined in accordance with Bankruptcy Code Section 506(a)).

**1.3.7. Allowed Administrative Claim or Expense** means an Administrative Claim or Expense Allowed by a Final Order of the Bankruptcy Court following proper application for the approval of payment thereof in accordance with the Code and the Bankruptcy Rules.

**1.3.8. Allowed Unsecured Priority Claim** shall mean an Allowed Claim of a creditor which is unsecured and which is entitled to priority under the Bankruptcy Code.

**1.3.9. Bankruptcy Code or Code** means the United States Bankruptcy Code, Title 11 of the United States Code, Section 101 et seq., as amended.

**1.3.10. Bankruptcy Court** means the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division or such other Court that may have jurisdiction with respect to the reorganization of the Debtors pursuant to Chapter 11 of the Bankruptcy Code.

**1.3.11. Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure.

**1.3.12. Bar Date** means that date subsequent to which a proof of pre-petition Claim may not timely be Filed or the date by which proofs of claims held by governmental agencies must be filed.

**1.3.13. Case** means, with respect to the jointly administered bankruptcy case, the above-captioned Chapter 11 Bankruptcy Cases in the Bankruptcy Court, or with respect to each individual debtor, each Debtor's respective individual case, as follows: AGAP Life Offerings, LLC; Case No. 16-40520-btr; AGAP LS 108, LLC; Case No. 16-40529-btr; AGAP LS 109, LLC; Case No. 16-40530-btr; AGAP LS 209, LLC; Case No. 16-40531-btr; AGAP LS 309, LLC; Case No. 16-40521-btr; and AGAP LS 509, LLC; Case No. 16-40101-btr.

**1.3.14. Claim** shall have the meaning set forth in Bankruptcy Code Section 101(5).

**1.3.15. Claimant** means any person or entity having or asserting a Claim in the case.

**1.3.16. Class or Classes** mean all of the holders of Claims or Interests that the Debtors have designated pursuant to Section 1123(a)(1) of the Bankruptcy Code as having substantially similar characteristics as described in this Plan.

**1.3.17. Code** see definition under Bankruptcy Code.

**1.3.18. Confirmation** means the entry by the Bankruptcy Court of a Confirmation Order confirming the Plan.

**1.3.19. Confirmation Date** means the date on which the Confirmation Order is entered.

**1.3.20. Confirmation Hearing** means the hearing or hearings held before the Bankruptcy Court in which the Debtors will seek Confirmation of the Plan.

**1.3.21. Confirmation Order** means the Order of the Court confirming the Plan under Section 1129 of the Bankruptcy Code.

**1.3.22. Contested** when used with respect to a Claim, means a Claim against one or more of the Debtors (a) that is listed in the Debtors' Schedules of Assets and Liabilities as disputed, contingent, or unliquidated; (b) that is the subject of a pending action in a forum other than the Bankruptcy Court unless such Claim has been determined by Final Order in such other forum and Allowed by Final Order of the Bankruptcy Court; or (c) as to which an objection has been or may be timely filed and has not been denied by Final Order. To the extent an objection relates to the allowance of only a part of a Claim, such Claim shall be a Contested Claim only to the extent of the objection.

**1.3.23. Creditor** shall have the meaning specified by Section 101(10) of the Code.

**1.3.24. Debtor** means, individually, one of the Debtors as defined herein.

**1.3.25. Debtors** mean AGAP Life Offerings, LLC, AGAP LS 108, LLC, AGAP LS 109, LLC, AGAP LS 209, LLC, AGAP LS 309, LLC and AGAP LS 509, LLC.

**1.3.26. Disputed Claim** means any Claim that is not an Allowed Claim.

**1.3.27. Effective Date** means sixty (60) days after the Confirmation Date.

**1.3.28. Estate** means the estate created pursuant to Bankruptcy Code Section 541 with respect to each of the Debtors.

**1.3.29. Fee Claim** means a Claim under Bankruptcy Code Sections 330 or 503 for allowance of compensation and reimbursement of expenses in the Debtors' Chapter 11 cases.

**1.3.30. Filed** means delivered to the Clerk of the Bankruptcy Court.

**1.3.31. Final Order or Final Judgment** means an order or judgment of a court of competent jurisdiction that has been entered on the docket maintained by the clerk of such court and has not been reversed, vacated or stayed and as to which (a) the time to appeal, petition for petition for certiorari, or move for a stay, new trial, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for a stay, new trial, reargument or rehearing shall then be pending or (b) if an appeal, writ of certiorari, stay, new trial, reargument or rehearing thereof has been sought, (i) such order or judgment shall have been affirmed by the highest court to which such order was appealed, certiorari shall have been denied or a stay, new trial, reargument or rehearing shall have been denied or resulted in no modification of such order and (ii) the time to take any further appeal, petition for certiorari, or move for a stay, new trial, reargument or rehearing shall have expired; provided, however, that no order or judgment shall fail to be a "Final Order" solely because of the possibility that a motion pursuant to section 5020) or 1144 of the Bankruptcy Code or under Rule 60 of the Federal Rules of Civil Procedure, or Bankruptcy Rule 9024 has been or may be filed with respect to such order or judgment.

**1.3.32. General Unsecured Claim** means an Unsecured Claim that is not entitled to priority under Section 507(a) of the Bankruptcy Code.

**1.3.33. Impaired** shall have the meaning set forth in Bankruptcy Code Section 1124.

**1.3.34. Objection Deadline** means the date set by the Court for objections to Claims.

**1.3.35. Petition Date** means the date each Debtor filed its petition commencing its bankruptcy case, to wit, AGAP Life Offerings, LLC and AGAP LS 309, LLC were filed on March 24, 2016 and AGAP LS 109, LLC, AGAP LS 209, LLC, AGAP LS 309, LLC and AGAP LS 509, LLC were filed on March 25, 2016.

**1.3.36. Plan** means this document, as it may be amended or modified from time to time as permitted herein and by the Bankruptcy Court.

**1.3.37. Pre-petition** means prior to the Petition Date.

**1.3.38. Priority Tax Claim** means a Claim that is entitled to priority pursuant to Bankruptcy Code Section 507(a)(8).

**1.3.39. Pro Rata** means proportionately, based on the percentage that the amount of an Allowed Claim within a particular Class bears to the aggregate amount of all Allowed Claims in such Class.

**1.3.40. Property of the Estate** means all property in which the Debtors hold a legal or an equitable interest, including all property described in Bankruptcy Code Section 541. The Debtors shall remain in possession of all property of the estate unless provided for otherwise in the Plan or Confirmation Order.

**1.3.41. Rejection Claim** means any Claim arising pursuant to Bankruptcy Code Section 502(g) by reason of rejection by the Debtors of an executory contract or unexpired lease pursuant to Bankruptcy Code Sections 365 or 1123(b)(2).

**1.3.42. Secured Claim** means any Claim secured by a lien, security interest, or other charge or interest in property in which the one or more of the Debtors has an interest, to the extent of the value thereof (determined in accordance with Bankruptcy Code Section 506(a)).

**1.3.43. Secured Tax Claim** means any Tax Claim which is secured by real or personal property of a Debtor.

**1.3.44. Secured Creditor or Secured Claimant** means any Claimant holding a Secured Claim.

**1.3.45. Unimpaired** means not Impaired.

**1.3.46. Unsecured Claim** means any Claim not collateralized (or the extent not fully collateralized) by assets of the Debtors.

**1.3.47. Unsecured Creditor or Unsecured Claimant** means any Claimant holding an Unsecured Claim.

**1.3.48. Voidable Transfer** means all transfers voidable under Sections 544, 545, 547, 548, 549 and/or 550 of the Code or any other state or federal transfer.

## ARTICLE II: Concept of Plan and Means for Implementation

### **2.1 Concept of Plan**

This is a plan of reorganization made pursuant to Chapter 11 of the United States Bankruptcy Code. This Plan is intended to resolve all Claims against the Debtors that it concerns and/or property of the Debtors of whatever character, whether contingent or liquidated, or whether allowed by the Bankruptcy Court pursuant to Bankruptcy Code Section 502(a). Only Allowed Claims (as defined above) will receive treatment afforded by the Plan. The Plan is designed to insure that Claimants shall receive at least as much pursuant to the Plan as they would receive in a liquidation pursuant to Chapter 7 of the Bankruptcy Code.

Prior to bankruptcy the Debtors were individual business organizations organized and operating under the laws of the State of Texas and owning individual insurance policies. Following Confirmation each AGAP entity will continue its operations as an independent entity subject to the terms of the Plan. While the Plan states that it is a Joint Plan it still represents separate plans for each Debtor entity.

## 2.2 **Issuance of New Equity**

Upon Confirmation of the Plan by the Bankruptcy Court, all AGAP Debtors shall cancel all of their equity interests, as well as any options, warrants, calls, subscriptions, or other similar rights, agreements, or commitments, contractual or otherwise, obligating the AGAP Debtors to issue, transfer, or sell any shares of equity interests. The new equity in the emerging entity shall be allocated as set forth in this Plan.

## 2.3 **Reorganized Debtors**

After Confirmation of the Plan by the Bankruptcy Court and upon the occurrence of the Effective Date, the Debtors shall become Reorganized Debtors.

## 2.4 **Post-Petition Governance of Reorganized Debtor**

Upon the issuance of the new equity interests as described below and upon the occurrence of the Effective Date, the operation of the Reorganized Debtor shall become the general responsibility of its new governing persons, subject to, and in accordance with state law. The identity of the members of the initial new governing persons will be disclosed at or prior to the Confirmation Hearing in accordance with § 1129(a)(5). Such directors shall be deemed elected or appointed as of Confirmation but shall not take office and shall not be deemed to be elected or appointed until the occurrence of the Effective Date. Those directors and officers not continuing in office shall be deemed to have resigned therefrom as of the Effective Date. The Debtors shall also be managed by the ad hoc committees created during the Chapter 11 bankruptcy cases to advise the actual managers and owners of the Reorganized Debtors.

# **ARTICLE III: Classification of Claims and Interests**

Pursuant to Section 1122 of the Bankruptcy Code, each of the Debtors has designated Classes of Claims and Interests under the Plan which will be treated as laid out below. Administrative Expenses and Priority Tax Claims are excluded from each Debtor's respective classes in accordance with § 1123(a)(1), and are instead treated in their own section. The classes shall be as follows:

### **Claims against AGAP LS 108, Case No. 16-40529-btr**

- Class AGAP 108 1: Allowed Claim of AGAP LS 409, LLC<sup>1</sup>
- Class AGAP 108 2: Allowed Claim of 3:10 Capital Investments
- Class AGAP 108 3: Allowed AGAP Life Offerings Claims
- Class AGAP 108 4: Allowed General Unsecured Claims
- Class AGAP 108 5: Equity Interests in the Debtor

### **Claims against AGAP LS 109, Case No. 16-40530-btr**

- Class AGAP 109 1: Allowed Administrative Claim of AGAP LS 409, LLC

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<sup>1</sup> This claim reflects the claim of Green Bank which was paid by AGAP LS 409, LLC for which it asserts the right to such position of Green Bank to the extent of the funds that it paid for this Debtor entity.

- Class AGAP 109 2: Allowed Claim of AGAP LS 409, LLC<sup>2</sup>
- Class AGAP 109 3: Allowed Claim of 3:10 Capital Investments
- Class AGAP 109 4: Allowed AGAP Life Offerings Claims
- Class AGAP 109 5: Allowed General Unsecured Claims
- Class AGAP 109 6: Equity Interests in the Debtor

#### **Claims against AGAP LS 209, Case No. 16-40531-btr**

- Class AGAP 209 1: Allowed Administrative Claim of AGAP LS 409, LLC
- Class AGAP 209 2: Allowed Claim of AGAP LS 409, LLC<sup>3</sup>
- Class AGAP 209 3: Allowed Claim of 3:10 Capital Investments
- Class AGAP 209 4: Allowed AGAP Life Offerings Claims
- Class AGAP 209 5: Allowed General Unsecured Claims
- Class AGAP 209 6: Equity Interests in the Debtor

#### **Claims against AGAP LS 309, Case No. 16-40521-btr**

- Class AGAP 309 1: Allowed Administrative Claim of AGAP LS 409, LLC
- Class AGAP 309 2: Allowed Claim of AGAP LS 409, LLC<sup>4</sup>
- Class AGAP 309 3: Allowed Claim of 3:10 Capital Investments
- Class AGAP 309 4: Allowed AGAP Life Offerings Claims
- Class AGAP 309 5: Allowed General Unsecured Claims
- Class AGAP 309 6: Equity Interests in the Debtor

#### **Claims against AGAP LS 509, Case No. 16-40532-btr**

- Class AGAP 509 1: Allowed Administrative Claim of AGAP LS 409, LLC
- Class AGAP 509 2: Allowed Claim of AGAP LS 409, LLC<sup>5</sup>
- Class AGAP 509 3: Allowed Claim of 3:10 Capital Investments
- Class AGAP 509 4: Allowed AGAP Life Offerings Claims
- Class AGAP 509 5: Allowed General Unsecured Claims
- Class AGAP 509 6: Equity Interests in the Debtor

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<sup>2</sup> Same as footnote 1.

<sup>3</sup> Same as footnote 1.

<sup>4</sup> Same as footnote 1.

<sup>5</sup> Same as footnote 1.

## **Claims against AGAP Life Offerings, Case No. 16-40520-btr**

- Class AGAP Life Offerings 1: Allowed Administrative Claims for Professional Fees
- Class AGAP Life Offerings 2: Allowed General Unsecured Claims
- Class AGAP Life Offerings 3: Allowed Claim of AGAP LS 209, LLC
- Class AGAP Life Offerings 4: Allowed Claim of AGAP LS 309, LLC
- Class AGAP Life Offerings 5: Allowed Claim of AGAP LS 509, LLC
- Class AGAP Life Offerings 6: Equity Interests in the Debtor

## **ARTICLE IV: Provisions for Payment of Administrative Expenses and Priority Tax Claims**

Administrative Expenses and Priority Tax Claims of the kinds specified in §§ 507(a)(1), 502(i) and 507(a)(8) of the Bankruptcy Code are excluded from the Debtor's respective classes below in accordance with § 1123(a)(1) and are not separately classified. Such expenses and claims shall be treated as specified in this Article.

### **4.1 Treatment of Allowed Administrative Expenses**

Allowed Administrative Expenses will be paid in full once Allowed, on or before the Effective Date, or at a later date as set by the Court if the allowance process extends beyond the Effective Date. Provided, however, that the holder of an Allowed Administrative Expense may agree to a different treatment. This Section shall include DIP loans approved by the Court having an administrative expense priority.

### **4.2 Treatment of Allowed Priority Claims**

Allowed Priority Claims will be paid by the Reorganized Debtor once Allowed over five (5) years with interest on such amounts at the rate of 3.5% per annum until paid in full. The payments shall be made in equal monthly payments on the first day of the month following the Effective Date and shall continue on the first day of each month thereafter until paid in full.

### **4.3 Title 28 U.S.C. Section 1930 Fees**

Debtors responsible for such claims shall pay all fees assessed by the Office of the United States Trustee until this Case is closed by the Court or the Debtors are otherwise released from such obligations by the Court.

## **ARTICLE V: Treatment of Claims and Interests**

Debtors designate the following Classes of Claims and Interests pursuant to Bankruptcy Code Section 1122, which shall be treated in the manner set forth in this Article.

Attached as **Exhibit “2”** is a table summarizing the policy value in each entity with a list of claims by class.

## 5.1 Claims against AGAP 108, Case No. 16-40529-btr

### 5.1.1 Class AGAP 108 1: Allowed Claim of AGAP LS 409, LLC

This claim shall be paid once Allowed as follows:

This Claim is an Allowed Claim and shall be paid in full from funds it receives from the proceeds received on maturity of the policy or sale of the policy. This Allowed Claim is entitled to receive interest on this claim which will accrue at the rate of 6% per annum. The total claim amount is approximately \$96,518.85.<sup>6</sup> The Allowed Claim if determined by the Court to be validly secured shall accrue interest thereon at the rate of 6% per annum. To the extent that the Allowed Claim is determined to be fully unsecured, the claim shall not accrue interest. Since the AGAP 108 Policy has matured, it is expected this claim will be paid on the Effective Date or as soon as the policy proceeds are received.

- a. To the extent that this claim is secured by a valid lien such lien shall remain in place until the Allowed Claim is paid in full. The Court shall determine any security for such claim.
- b. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan.

### 5.1.2 Class AGAP 108 2: Allowed Claim of 3:10 Investments

This Claim will be paid once Allowed as follows:

This Claim is an Allowed Claim and is in the amount of \$21,645.53. The Debtor has challenged whether this claim is actually a secured claim. This claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 108, LLC as soon as such funds are available. The Allowed Claim if determined by the Court to be validly secured shall accrue interest thereon at the rate of 6% per annum. To the extent that the Allowed Claim is determined to be fully unsecured the claim shall not accrue interest. There shall be no deferred fee paid as part of the Allowed Claim, unless it is determined that such fee is a valid claim against the Debtor and the policy proceeds of the Debtor. To the extent that this claim is secured by a valid lien such lien shall remain in place until the Allowed Claim is paid in full. Since the AGAP 108 Policy has matured, it is expected this claim will be paid on the Effective Date or as soon as the policy proceeds are received.

- a. There shall be no prepayment penalty if this Claim is paid early.

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<sup>6</sup> AGAP LS 409, LLC may claim the entire amount that is owed against each of the Debtors that owe it money until it is paid in full. The total claim is in excess of \$850,000.00.

- b. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan.

#### **5.1.3 Class AGAP 108 3: Allowed Claim of Life Offerings**

This Claim will be paid once Allowed as follows:

The Allowed Claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 108, LLC as soon as such funds are available. This claim is in the amount of \$168,515.90. This claim is unsecured and arises from the payment by Life Offerings of policy premiums for AGAP LS 108. Since the AGAP 108 Policy has matured, it is expected this claim will be paid on the Effective Date or as soon as the policy proceeds are received.

- a. There shall be no prepayment penalty if this Claim is paid early.
- b. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan. This claim is a related party claim.

#### **5.1.4 Class AGAP 108 4: Allowed General Unsecured Claims**

The Creditors in this Class with Allowed Claims will be treated as follows:

Creditors in this Class with Allowed Claims will pay back all past due premiums, service fees and interest by offsetting such obligations owed by such Claimants as part of the distribution of policy proceeds to this Class of Claimants. Once these adjustments are made and the payments are made to the Class 1, 2 and 3 Claimants with Allowed Claims, then distributions of the policy proceeds shall be made to the Class 4 Claimants.

This Class is Impaired and the holders of the Claims are entitled to vote to accept or reject the Plan. The total claims in this Class are estimated at \$1,570,296.04.

#### **5.1.5 Class AGAP 108 5: Equity Interests in the Debtor**

All equity in the Debtor will be cancelled. The equity interest holders are Impaired under the Plan. The new equity interests shall be issued to AGAP Life Offerings, LLC. AGAP Life Offerings will be owned as set forth in this Plan but will be advised by the Ad Hoc Committees formed during the Chapter 11 cases to advise the owners of each policy.

This Class is Impaired and the holders of the Interests are entitled to vote to accept or reject the Plan.

### **5.2 Claims against AGAP LS 109, Case No. 16-40530-btr**

#### **5.2.1 Class AGAP 109 1: Allowed Administrative Claim of AGAP LS 409, LLC**

This claim shall be paid once Allowed as follows:

- a. This Claim is an Allowed Administrative Claim and shall be paid in full from funds it receives from the sale of the AGAP LS 109, LLC policy or the proceeds received on maturity of the policy. This Allowed Claim is entitled to receive interest on this claim

which will accrue at the rate of 4.25% per annum. This Allowed Claim is unsecured, but shall receive priority over other claims, save and except for approved professional fees and US Trustee fees, as a result of the Order Approving DIP Motion [Dkt. 31 and 123]. The total claim amount is approximately \$266,000.00.

### **5.2.2 Class AGAP 109 2: Allowed Claim of AGAP LS 409, LLC**

This claim shall be paid once Allowed as follows:

- a. This Claim is an Allowed Claim and shall be paid in full from funds it receives from the sale of the AGAP LS 109, LLC policy or the proceeds received on maturity of the policy. This Allowed Claim is entitled to receive interest on this claim which will accrue at the rate of 6% per annum. To the extent that this claim is secured by a valid lien such shall remain in place until the Allowed Claim is paid in full. The total claim amount is approximately \$265,000.00.<sup>7</sup> If the Allowed Claim is determined by the Court to be validly secured it shall accrue interest thereon at the rate of 6% per annum. To the extent that the Allowed Claim is determined to be fully unsecured, the claim shall not accrue interest.
- b. To the extent that this claim is secured by a valid lien such lien shall remain in place until the Allowed Claim is paid in full. The Court shall determine any security for such claim.
- c. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan.

### **5.2.3 Class AGAP 109 3: Allowed Claim of 3:10 Investments**

This Claim will be paid once Allowed as follows:

- a. This Claim is an Allowed Claim and is in the amount of \$47,811.70. The Debtor has challenged whether this claim is actually a secured claim. This claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 109, LLC as soon as such funds are available. The Allowed Claim if determined by the Court to be validly secured shall accrue interest thereon at the rate of 6% per annum. To the extent that the Allowed Claim is determined to be fully unsecured, the claim shall not accrue interest. There shall be no deferred fee paid as part of the Allowed Claim unless it is determined that such fee is a valid claim against the Debtor and the policy proceeds of the Debtor. To the extent that this claim is secured by a valid lien, such lien shall remain in place until the Allowed Claim is paid in full.
- b. There shall be no prepayment penalty if this Claim is paid early.

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<sup>7</sup> AGAP LS 409, LLC may claim the entire amount that is owed against each of the Debtors that owe it money until it is paid in full. The total claim is in excess of \$850,000.00.

- c. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan.

#### **5.2.4 Class AGAP 109 4: Allowed Claims of Life Offerings**

Life Offerings has two separate claims that will be paid once Allowed as follows:

- 1. Claim arising from payment of pre-petition premiums**  
The Allowed Claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 109, LLC as soon as such funds are available. This claim is in the amount of \$367,801.91. This claim is unsecured and arises from the payment by Life Offerings of pre-petition policy premiums for AGAP LS 109.
  - a. There shall be no prepayment penalty if this Claim is paid early.
  - b. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan. This claim is a related party claim.

- 2. Deferred Compensation Claim of Life Offerings**

This Claim will be paid **only** in the event of a maturity of the insurance policy held by AGAP LS 109, LLC, as soon as such funds are available. This claim is in the amount of \$849,208.00.

This claim is not impaired and is not entitled to vote to accept or reject the Plan. This claim is a related party claim.

#### **5.2.5 Class AGAP 109 5: Allowed General Unsecured Claims**

The Creditors in this Class with Allowed Claims will be treated as follows:

By voting in favor of the Plan each Creditor in this Class may then elect one of the following treatment options on the Ballot they will receive:

1. Any Creditors in this Class with Allowed Claims may agree to pay back all past due premiums, service fees and interest and commit to pay their portion of the future premiums until the policy matures. They will be entitled to receive the full death maturity benefits of such policy when it matures. If the policy is sold prior to maturity they will receive their pro-rata share of the sales proceeds available after paying the Administrative Claims, Class 1, 2 and 3 Allowed Claims.
2. Any Creditors in this Class with Allowed Claims may agree to reduce their maturity value and receive full death benefits on the maturity value minus any past due premiums, service fees and interest charges from the Confirmation Date and commit to pay their portion of the future premiums until the policy matures. They will be entitled to receive the reduced maturity benefits of such policy when it matures. If the policy is sold prior to

maturity they will receive their pro-rata share of the sales proceeds available after paying the Administrative Claims, Class 1, 2 and 3 Allowed Claims.

3. Any Creditors with Allowed Claims may agree to abandon their investment if they do not desire to pay any future premiums. By agreeing to abandon their investment they are electing to be paid under the AGAP Life Offerings treatment. All past due premiums, fees and charges will be forgiven.

**The first premium payment will be due along with the Ballot to be submitted as part of Confirmation. To the extent that an investor/creditor opts to stay in and make policy premium payments going forward, they will need to designate on their Ballot that they are making a choice 1, 2 or 3 above and include a first plan premium payment with their Ballot. A letter will be sent out by the CRO with the Ballot describing what the amount of such payment will be and to whom to return such payment. This will enable the Debtors and the CRO to determine who is staying in Class 4 of the Plan at Confirmation.**

The Debtor believes that the Creditors may receive at least 10% of their current maturity value under each of the above Options 1, 2, and 3.

#### Enhanced Maturity Option

If any Creditor with an Allowed Claim decides to abandon his or her share of the maturity value of any policy he or she is invested in (by not paying his premiums by a fixed default date to be set at Confirmation), then the other AGAP investors may have the opportunity to acquire this abandoned maturity value by agreeing to pay all future premiums, fees and charges until maturity. To decide who may acquire this maturity value the following selection process will be used:

- a) First, the interest will be shared on a pro rata basis among those investors in that specific policy who have indicated a willingness to take over the maturity value and pay the future premiums, fees and interest charges until maturity, AND agree to have an allocated portion of the previously unpaid premiums, service fees and interest deducted from the maturity value upon maturity of the life policy .
- b) Next, an individual investor in that specific policy if no others have expressed any interest to take over the maturity value and pay the future premiums, fees and interest charges until maturity.
- c) Last, at the sole discretion of the manager or person responsible for the AGAP entities after Confirmation.

Attached hereto as ***Exhibit “I”*** is a Table describing a Hypothetical Illustration of the Opt-Out Election, with the “Opt-Out” Interests Assumed Pro-Rata by Remaining Investors.

The Chief Restructuring Officer will seek advice from and be aided by the ad hoc committees in the AGAP entities in matters related to the Enhanced Maturity Option.

The member interests allocated to the investors under Life Offerings will be non-voting interests. A new company agreement will be put in place to reflect the terms of the new limited liability company and its new ownership consistent with the terms of the Plan. The Reorganized Debtors may require the execution of documents to effectuate the Plans and in accordance with their terms. In the future the owners of member interests in Life Offerings will receive K-1's.

This Class is Impaired and the holders of the Claims are entitled to vote to accept or reject the Plan. The total claims in this Class are estimated at \$3,459,389.23.

#### **5.2.5 Class AGAP 109 5: Equity Interests in the Debtor**

All equity in the Debtor will be cancelled. The equity interest holders are Impaired under the Plan. The new equity interests shall be issued to AGAP Life Offerings, LLC. AGAP Life Offerings will be owned as set forth in this Plan but will be advised by the Ad Hoc Committees formed during the Chapter 11 cases to advise the owners of each policy.

This Class is Impaired and the holders of the Interests are entitled to vote to accept or reject the Plan.

### **5.3 Claims Against AGAP LS 209, Case No. 16-40531-btr**

#### **5.3.1 Class AGAP 209 1: Allowed Administrative Claim of AGAP LS 409, LLC**

This claim shall be paid once Allowed as follows:

- a. This Claim is an Allowed Administrative Claim and shall be paid in full from funds it receives from the sale of the AGAP LS 209, LLC policy or the proceeds received on maturity of the policy. This Allowed Claim is entitled to receive interest on this claim which will accrue at the rate of 4.25% per annum. This Allowed Claim is unsecured, but shall receive priority over other claims, save and except for approved professional fees and US Trustee fees, as a result of the Order Approving DIP Motion [Dkt. 31]. The total claim amount is approximately \$181,000.00.

#### **5.3.2 Class AGAP 209 2: Allowed Claim of AGAP LS 409, LLC**

This claim shall be paid once Allowed as follows:

- a. This Claim is an Allowed Claim and shall be paid in full from funds it receives from the sale of the AGAP LS 209, LLC policy or the proceeds received on maturity of the policy. This Allowed Claim is entitled to receive interest on this claim which will accrue at the rate of 6% per annum. To the extent that this claim is secured by a valid lien such shall remain in place until the Allowed Claim is paid in full. The total claim amount is approximately \$140,000.00.<sup>8</sup> To the extent that the Allowed Claim is

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<sup>8</sup> AGAP LS 409, LLC may claim the entire amount that is owed against each of the Debtors that owe it money until it is paid in full. The total claim is in excess of \$850,000.00.

determined to be fully unsecured the claim shall not accrue interest. The Court shall determine the security for such claim.

- b. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan.

### **5.3.3 Class AGAP 209 3: Allowed Claim of 3:10 Investments**

This Claim will be paid once Allowed as follows:

- a. This Claim is an Allowed Claim and shall be for an amount of \$871.90. The Debtor has challenged whether this claim is actually a secured claim. This claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 209, LLC as soon as such funds are available. The Allowed Claim if determined by the Court to be validly secured shall accrue interest thereon at the rate of 6% per annum. To the extent that the Allowed claim is determined to be fully unsecured the claim shall not accrue interest. There shall be no deferred fee paid as part of the Allowed Claim unless it is determined that such fee is a valid claim against the Debtor and the policy proceeds of the Debtor. To the extent that this claim is secured by a valid lien such shall remain in place until the Allowed Claim is paid in full.
- b. There shall be no prepayment penalty if this Claim is paid early.
- c. This Class is Impaired and the holders of the Claim is entitled to vote to accept or reject the Plan.

### **5.3.4 Class AGAP 209 4: Allowed Claimd of Life Offerings**

Life Offerings has two separate claims that will be paid once Allowed as follows:

#### **1. Claim arising from pre-petition interest payments to Green Bank**

The Allowed Claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 209, LLC as soon as such funds are available. This claim is in the amount of \$5,682.59. This claim is unsecured and arises from the payment by Life Offerings of pre-petition interest on the Green Bank loans.

- a. There shall be no prepayment penalty if this Claim is paid early.
- b. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan. This claim is a related party claim.

#### **2. Deferred Compensation Claim of Life Offerings**

This Claim will be paid **only** in the event of a maturity of the insurance policy held by AGAP LS 209, LLC, as soon as such funds are available. This claim is in the amount of \$316,208.00.

This claim is not impaired and is not entitled to vote to accept or reject the Plan. This claim is a related party claim.

### **5.3.5 Class AGAP 209 5: Allowed General Unsecured Claims**

The Creditors in this Class with Allowed Claims will be treated as follows:

By voting in favor of the Plan each Creditor in this Class may then elect one of the following treatment options on the Ballot they will receive:

1. Any Creditors in this Class with Allowed Claims may agree to pay back all past due premiums, service fees and interest and commit to pay their portion of the future premiums until the policy matures. They will be entitled to receive the full death maturity benefits of such policy when it matures. If the policy is sold prior to maturity they will receive their pro-rata share of the sales proceeds available after paying the Administrative Claims, Class 1, 2 and 3 Allowed Claims.
2. Any Creditors in this Class with Allowed Claims may agree to reduce their maturity value and receive full death benefits on the maturity value minus any past due premiums, service fees and interest charges from the Confirmation Date and commit to pay their portion of the future premiums until the policy matures. They will be entitled to receive the reduced maturity benefits of such policy when it matures. If the policy is sold prior to maturity they will receive their pro-rata share of the sales proceeds available after paying the Administrative Claims, Class 1, 2 and 3 Allowed Claims.
3. Any Creditors with Allowed Claims may agree to abandon their investment if they do not desire to pay any future premiums. By agreeing to abandon their investment they are electing to be paid under the AGAP Life Offerings treatment. All past due premiums, fees and charges will be forgiven.

**The first premium payment will be due along with the Ballot to be submitted as part of Confirmation. To the extent that an investor/creditor opts to stay in and make policy premium payments going forward, they will need to designate on their Ballot that they are making a choice 1, 2 or 3 above and include a first plan premium payment with their Ballot. A letter will be sent out by the CRO with the Ballot describing what the amount of such payment will be and to whom to return such payment. This will enable the Debtors and the CRO to determine who is staying in Class 4 of the Plan at Confirmation.**

The Debtor believes that the Creditors may receive at least 10% of their current maturity value under each of the above Options 1, 2, and 3.

#### Enhanced Maturity Option

If any Creditor with an Allowed Claim decides to abandon his or her share of the maturity value of any policy he or she is invested in (by not paying his premiums by a fixed default date to be set at Confirmation), then the other AGAP investors may have the opportunity to acquire this

abandoned maturity value by agreeing to pay all future premiums, fees and charges until maturity. To decide who may acquire this maturity value the following selection process will be used:

- a) First, the interest will be shared on a pro rata basis among those investors in that specific policy who have indicated a willingness to take over the maturity value and pay the future premiums, fees and interest charges until maturity, AND agree to have an allocated portion of the previously unpaid premiums, service fees and interest deducted from the maturity value upon maturity of the life policy .
- b) Next, an individual investor in that specific policy if no others have expressed any interest to take over the maturity value and pay the future premiums, fees and interest charges until maturity.
- c) Last, at the sole discretion of the manager or person responsible for the AGAP entities after Confirmation.

Attached hereto as ***Exhibit “I”*** is a Table describing a Hypothetical Illustration of the Opt-Out Election, with the “Opt-Out” Interests Assumed Pro-Rata by Remaining Investors.

The Chief Restructuring Officer will seek advice from and be aided by the ad hoc committees in the AGAP entities in matters related to the Enhanced Maturity Option.

The member interests allocated to the investors under Life Offerings will be non-voting interests. A new company agreement will be put in place to reflect the terms of the new limited liability company and its new ownership consistent with the terms of the Plan. The Reorganized Debtors may require the execution of documents to effectuate the Plans and in accordance with their terms. In the future the owners of member interests in Life Offerings will receive K-1's.

This Class is Impaired and the holders of the Claims are entitled to vote to accept or reject the Plan. The total claims in this Class are estimated at \$4,493,900.63.

#### **5.3.6 Class AGAP 209 6: Equity Interests in the Debtor**

All equity in the Debtor will be cancelled. The equity interest holders are Impaired under the Plan. The new equity interests shall be issued to AGAP Life Offerings, LLC. AGAP Life Offerings will be owned as set forth in this Plan but will be advised by the Ad Hoc Committees formed during the Chapter 11 cases to advise the owners of each policy.

This Class is Impaired and the holders of the Interests are entitled to vote to accept or reject the Plan.

#### **5.4 Claims Against AGAP LS 309, Case No. 16-40521-btr**

##### **5.4.1 Class AGAP 309 1: Allowed Administrative Claim of AGAP LS 409, LLC**

This claim shall be paid once Allowed as follows:

- a. This Claim is an Allowed Administrative Claim and shall be paid in full from funds it receives from the sale of the AGAP LS 309, LLC policy or the proceeds received on maturity of the policy. This Allowed Claim is entitled to

receive interest on this claim which will accrue at the rate of 4.25% per annum. This Allowed Claim is unsecured, but shall receive priority over other claims, save and except for approved professional fees and US Trustee fees, as a result of the Order Approving DIP Motion [Dkt. 36 and 124]. The total claim amount is approximately \$206,000.00.

#### **5.4.2 Class AGAP 309 2: Allowed Claim of AGAP LS 409, LLC**

This claim shall be paid once Allowed as follows:

- a. This Claim is an Allowed Claim and shall be paid in full from funds it receives from the sale of the AGAP LS 309, LLC policy or the proceeds received on maturity of the policy. This Allowed Claim is entitled to receive interest on this claim which will accrue at the rate of 6% per annum. If the Allowed Claim is determined by the Court to be validly secured, it shall accrue interest thereon at the rate of 6% per annum. To the extent that the Allowed Claim is determined to be fully unsecured the claim shall not accrue interest. To the extent that this claim is secured by a valid lien, such shall remain in place until the Allowed Claim is paid in full. The total claim amount is approximately \$171,524.97.<sup>9</sup> The Court shall determine the security for such claim.
- b. This Class is Impaired and the holders of the Claim are entitled to vote to accept or reject the Plan.

#### **5.4.3 Class AGAP 309 3: Allowed Claim of 3:10 Investments**

This Claim will be paid once Allowed as follows:

- a. This Claim is an Allowed Claim and shall be for an amount of \$1,071.55. The Debtor has challenged whether this claim is actually a secured claim. This claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 309, LLC as soon as such funds are available. The Allowed Secured Claim is determined by the Court to be validly secured shall accrue interest thereon at the rate of 6% per annum. To the extent that the Allowed Claim is determined to be fully unsecured the claim shall not accrue interest. There shall be no deferred fee paid as part of the Allowed Claim unless it is determined that such fee is a valid claim against the Debtor and the policy proceeds of the Debtor. To the extent that this claim is secured by a valid lien such shall remain in place until the Allowed Claim is paid in full.
- b. There shall be no prepayment penalty if this Claim is paid early.

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<sup>9</sup> AGAP LS 409, LLC may claim the entire amount that is owed against each of the Debtors that owe it money until it is paid in full. The total claim is in excess of \$850,000.00.

- c. This Class is Impaired and the holders of this Claim are entitled to vote to accept or reject the Plan.

#### **5.4.4 Class AGAP 309 4: Allowed Claims of Life Offerings**

Life Offerings has two separate claims that will be paid once Allowed as follows:

##### **1. Claim arising from pre-petition interest payments to Green Bank**

The Allowed Claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 309, LLC as soon as such funds are available. This claim is in the amount of \$7,511.62. This claim is unsecured and arises from the payment by Life Offerings of pre-petition interest payments on the Green Bank loans.

- a. There shall be no prepayment penalty if this Claim is paid early.
- b. This Class is Impaired and the holders of this Claim are entitled to vote to accept or reject the Plan. This claim is a related party claim.

##### **2. Deferred Compensation Claim of Life Offerings**

This Claim will be paid **only** in the event of a maturity of the insurance policy held by AGAP LS 309, LLC, as soon as such funds are available. This claim is in the amount of \$377,054.00.

This claim is not impaired and is not entitled to vote to accept or reject the Plan. This claim is a related party claim.

#### **5.4.5 Class AGAP 309 5: Allowed General Unsecured Claims**

The Creditors in this Class with Allowed Claims will be treated as follows:

By voting in favor of the Plan, each Creditor in this Class may then elect one of the following treatment options on the Ballot they will receive:

1. Any Creditors in this Class with Allowed Claims may agree to pay back all past due premiums, service fees and interest and commit to pay their portion of the future premiums until the policy matures. They will be entitled to receive the full death maturity benefits of such policy when it matures. If the policy is sold prior to maturity they will receive their pro-rata share of the sales proceeds available after paying the Administrative Claims, Class 1, 2 and 3 Allowed Claims.
2. Any Creditors in this Class with Allowed Claims may agree to reduce their maturity value and receive full death benefits on the maturity value minus any past due premiums, service fees and interest charges from the Confirmation Date and commit to pay their portion of the future premiums until the policy matures. They will be entitled to receive the reduced maturity benefits of such policy when it matures. If the policy is sold prior to maturity they

will receive their pro-rata share of the sales proceeds available after paying the Administrative Claims, Class 1, 2 and 3 Allowed Claims.

3. Any Creditors with Allowed Claims may agree to abandon their investment if they do not desire to pay any future premiums. By agreeing to abandon their investment they are electing to be paid under the AGAP Life Offerings treatment. All past due premiums, fees and charges will be forgiven.

**The first premium payment will be due along with the Ballot to be submitted as part of Confirmation. To the extent that an investor/creditor opts to stay in and make policy premium payments going forward, they will need to designate on their Ballot that they are making a choice 1, 2 or 3 above and include a first plan premium payment with their Ballot. A letter will be sent out by the CRO with the Ballot describing what the amount of such payment will be and to whom to return such payment. This will enable the Debtors and the CRO to determine who is staying in Class 4 of the Plan at Confirmation.**

The Debtor believes that the Creditors may receive at least 10% of their current maturity value under each of the above Options 1, 2, and 3.

#### Enhanced Maturity Option

If any Creditor with an Allowed Claim decides to abandon his or her share of the maturity value of any policy he or she is invested in (by not paying his premiums by a fixed default date to be set at Confirmation), then the other AGAP investors may have the opportunity to acquire this abandoned maturity value by agreeing to pay all future premiums, fees and charges until maturity. To decide who may acquire this maturity value the following selection process will be used:

- a) First, the interest will be shared on a pro rata basis among those investors in that specific policy who have indicated a willingness to take over the maturity value and pay the future premiums, fees and interest charges until maturity, AND agree to have an allocated portion of the previously unpaid premiums, service fees and interest deducted from the maturity value upon maturity of the life policy .
- b) Next, an individual investor in that specific policy if no others have expressed any interest to take over the maturity value and pay the future premiums, fees and interest charges until maturity.
- c) Last, at the sole discretion of the manager or person responsible for the AGAP entities after Confirmation.

Attached hereto as ***Exhibit “I”*** is a Table describing a Hypothetical Illustration of the Opt-Out Election, with the “Opt-Out” Interests Assumed Pro-Rata by Remaining Investors.

The Chief Restructuring Officer will seek advice from and be aided by the ad hoc committees in the AGAP entities in matters related to the Enhanced Maturity Option.

The member interests allocated to the investors under Life Offerings will be non-voting interests. A new company agreement will be put in place to reflect the terms of the new limited liability company and its new ownership consistent with the terms of the Plan. The Reorganized Debtors may require the execution of documents to effectuate the Plans and in accordance with their terms. In the future the owners of member interests in Life Offerings will receive K-1's.

This Class is Impaired and the holders of the Claims are entitled to vote to accept or reject the Plan. The total claims in this Class are estimated at \$4,511,982.91.

#### **5.4.6 Class AGAP 309 6: Equity Interests in the Debtor**

All equity in the Debtor will be cancelled. The equity interest holders are Impaired under the Plan. The new equity interests shall be issued to AGAP Life Offerings, LLC. AGAP Life Offerings will be owned as set forth in this Plan but will be advised by the Ad Hoc Committees formed during the Chapter 11 cases to advise the owners of each policy.

This Class is Impaired and the holders of the Interests are entitled to vote to accept or reject the Plan.

### **5.5 Claims against AGAP LS 509, Case No. 16-40532-btr**

#### **5.5.1 Class AGAP 509 1: Allowed Administrative Claim of AGAP LS 409, LLC**

This claim shall be paid once Allowed as follows:

- a. This Claim is an Allowed Administrative Claim and shall be paid in full from funds it receives from the sale of the AGAP LS 509, LLC policy or the proceeds received on maturity of the policy. This Allowed Claim is entitled to receive interest on this claim which will accrue at the rate of 4.25% per annum. This Allowed Claim is unsecured, but shall receive priority over other claims, save and except for approved professional fees and US Trustee fees, as a result of the Order Approving DIP Motion [Dkt. 32]. The total claim amount is approximately \$63,000.00.

#### **5.5.2 Class AGAP 509 2: Allowed Claim of AGAP LS 409, LLC**

This claim shall be paid once Allowed as follows:

This Claim is an Allowed Claim and shall be paid in full from funds it receives from the sale of the AGAP LS 509, LLC policy or the proceeds received on maturity of the policy. This Allowed Claim is entitled to receive interest on this claim which will accrue at the rate of 6% per annum. To the extent that this claim is secured by a valid lien such lien shall remain in place until the Allowed Claim is paid in full. To the extent that the claim is unsecured it shall not be paid interest on such claim. The total claim amount is approximately \$159,726.37.<sup>10</sup>

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<sup>10</sup> AGAP LS 409, LLC may claim the entire amount that is owed against each of the Debtors that owe it money until it is paid in full. The total claim is in excess of \$850,000.00.

This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan.

### **5.5.3 Class AGAP 509 3: Allowed Claim of 3:10 Investments**

This Claim will be paid once Allowed as follows:

- a. This Claim is an Allowed Claim and shall be for an amount of \$845.87. The Debtor has challenged whether this claim is actually a secured claim. This claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 509, LLC as soon as such funds are available. The Allowed Claim if determined by the Court to be validly secured shall accrue interest thereon at the rate of 6% per annum. To the extent that the Allowed Claim is determined to be fully unsecured the claim shall not accrue interest. There shall be no deferred fee paid as part of the Allowed Claim unless it is determined that such fee is a valid claim against the Debtor and the policy proceeds of the Debtor. To the extent that this claim is secured by a valid lien such shall remain in place until the Allowed Claim is paid in full.
- b. There shall be no prepayment penalty if this Claim is paid early.
- c. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan.

### **5.5.4 Class AGAP 509 4: Allowed Claim of Life Offerings**

Life Offerings has two separate claims that will be paid once Allowed as follows:

#### **1. Claim arising from pre-petition interest payments to Green Bank**

The Allowed Claim shall be paid in full from the proceeds received on a sale or the maturity of the insurance policy held by AGAP LS 509, LLC as soon as such funds are available. This claim is in the amount of \$6,047.45. This claim is unsecured and arises from the payment by Life Offerings of pre-petition interest payments on the Green Bank loans.

- a. There shall be no prepayment penalty if this Claim is paid early.
- b. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan. This claim is a related party claim.

#### **2. Deferred Compensation Claim of Life Offerings**

This Claim will be paid only in the event of a maturity of the insurance policy held by AGAP LS 509, LLC, as soon as such funds are available. This claim is in the amount of \$312,978.00.

This claim is not impaired and is not entitled to vote to accept or reject the Plan. This claim is a related party claim.

### **5.5.5 Class AGAP 509 5: Allowed General Unsecured Claims**

The Creditors in this Class with Allowed Claims will be treated as follows:

By voting in favor of the Plan, each Creditor in this Class may then elect one of the following treatment options on the Ballot they will receive:

1. Any Creditors in this Class with Allowed Claims may agree to pay back all past due premiums, service fees and interest and commit to pay their portion of the future premiums until the policy matures. They will be entitled to receive the full death maturity benefits of such policy when it matures. If the policy is sold prior to maturity they will receive their pro-rata share of the sales proceeds available after paying the Administrative Claims, Class 1, 2 and 3 Allowed Claims.
2. Any Creditors in this Class with Allowed Claims may agree to reduce their maturity value and receive full death benefits on the maturity value minus any past due premiums, service fees and interest charges from the Confirmation Date and commit to pay their portion of the future premiums until the policy matures. They will be entitled to receive the reduced maturity benefits of such policy when it matures. If the policy is sold prior to maturity they will receive their pro-rata share of the sales proceeds available after paying the Administrative Claims, Class 1, 2 and 3 Allowed Claims.
3. Any Creditors with Allowed Claims may agree to abandon their investment if they do not desire to pay any future premiums. By agreeing to abandon their investment they are electing to be paid under the AGAP Life Offerings treatment. All past due premiums, fees and charges will be forgiven.

**The first premium payment will be due along with the Ballot to be submitted as part of Confirmation. To the extent that an investor/creditor opts to stay in and make policy premium payments going forward, they will need to designate on their Ballot that they are making a choice 1, 2 or 3 above and include a first plan premium payment with their Ballot. A letter will be sent out by the CRO with the Ballot describing what the amount of such payment will be and to whom to return such payment. This will enable the Debtors and the CRO to determine who is staying in Class 4 of the Plan at Confirmation.**

The Debtor believes that the Creditors may receive at least 10% of their current maturity value under each of the above Options 1, 2, and 3.

#### Enhanced Maturity Option

If any Creditor with an Allowed Claim decides to abandon his or her share of the maturity value of any policy he or she is invested in (by not paying his premiums by a fixed default date to be set at Confirmation), then the other AGAP investors may have the opportunity to acquire this

abandoned maturity value by agreeing to pay all future premiums, fees and charges until maturity. To decide who may acquire this maturity value the following selection process will be used:

- a) First, the interest will be shared on a pro rata basis among those investors in that specific policy who have indicated a willingness to take over the maturity value and pay the future premiums, fees and interest charges until maturity, AND agree to have an allocated portion of the previously unpaid premiums, service fees and interest deducted from the maturity value upon maturity of the life policy .
- b) Next, an individual investor in that specific policy if no others have expressed any interest to take over the maturity value and pay the future premiums, fees and interest charges until maturity.
- c) Last, at the sole discretion of the manager or person responsible for the AGAP entities after Confirmation.

Attached hereto as ***Exhibit “I”*** is a Table describing a Hypothetical Illustration of the Opt-Out Election, with the “Opt-Out” Interests Assumed Pro-Rata by Remaining Investors.

The Chief Restructuring Officer will seek advice from and be aided by the ad hoc committees in the AGAP entities in matters related to the Enhanced Maturity Option.

The member interests allocated to the investors under Life Offerings will be non-voting interests. A new company agreement will be put in place to reflect the terms of the new limited liability company and its new ownership consistent with the terms of the Plan. The Reorganized Debtors may require the execution of documents to effectuate the Plans and in accordance with their terms. In the future the owners of member interests in Life Offerings will receive K-1's.

This Class is Impaired and the holders of the Claims are entitled to vote to accept or reject the Plan. The total claims in this Class are estimated at \$3,285,925.95.

#### **5.5.6 Class AGAP 509 6: Equity Interests in the Debtor**

All equity in the Debtor will be cancelled. The equity interest holders are Impaired under the Plan. The new equity interests shall be issued to AGAP Life Offerings, LLC. AGAP Life Offerings will be owned as set forth in this Plan but will be advised by the Ad Hoc Committees formed during the Chapter 11 cases to advise the owners for each policy.

AGAP Life Offerings will be owned as set forth in this Plan but will be advised by the Ad Hoc Committees formed during the Chapter 11 cases to advise the owners of each policy.

This Class is Impaired and the holders of the Interests are entitled to vote to accept or reject the Plan.

#### **5.6 Claims against AGAP Life Offerings, Case No. 16-40520-btr**

All AGAP Deferred Compensation shall be contributed to AGAP Life Offerings to be used to fund the distributions under this Plan.

#### **5.6.1 Class AGAP Life Offerings 1: Allowed Administrative Priority Claims for Professional Fees**

The Claims in this class are estimated at \$100,000.00 - \$40,000.00 for the Chief Restructuring Officer and \$60,000.00 for legal professionals.

#### **5.6.2 Class AGAP Life Offerings 2: Allowed General Unsecured Claims**

The Claims will be paid once Allowed as follows:

- a. These claims shall be paid in full from the funds received by the Debtor from the amounts paid to it by the related Debtor entities that each owe this Debtor funds for covering its policy premiums. These claims shall bear interest at the rate of 5% per annum until the Allowed Claims are paid in full. The total claims in this Class are approximately \$516,268.18.
- b. There shall be no prepayment penalty if this Claim is paid early.
- c. This Class is Impaired and the holders of the Claims are entitled to vote to accept or reject the Plan.

#### **5.6.3 Class AGAP Life Offerings 3: Allowed Claims of AGAP LS 209, LLC**

This Claim will be paid once Allowed as follows:

- a. The Allowed Claim shall be paid in full received by the Debtor from the amounts paid to it by the related Debtor entities that each owe this Debtor funds for covering its policy premiums. This claim is in the amount of \$115,961.87.
- b. There shall be no prepayment penalty if this Claim is paid early.
- c. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan. This claim is a related party claim.

#### **5.6.4 Class AGAP Life Offerings 4: Allowed Claims of AGAP LS 309, LLC**

This Claim will be paid once Allowed as follows:

- a. The Allowed Claim shall be paid in full received by the Debtor from the amounts paid to it by the related Debtor entities that each owe this Debtor funds for covering its policy premiums. This claim is in the amount of \$67,719.61.

- b. There shall be no prepayment penalty if this Claim is paid early.
- c. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan. This claim is a related party claim.

#### **5.6.5 Class AGAP Life Offerings 5: Allowed Claims of AGAP LS 509, LLC**

This Claim will be paid once Allowed as follows:

- a. The Allowed Claim shall be paid in full received by the Debtor from the amounts paid to it by the related Debtor entities that each owe this Debtor funds for covering its policy premiums. This claim is in the amount of \$75,078.87.
- b. There shall be no prepayment penalty if this Claim is paid early.
- c. This Class is Impaired and the holder of the Claim is entitled to vote to accept or reject the Plan. This claim is a related party claim.

#### **5.6.6 Class AGAP Life Offerings 6: Equity Interests in the Debtor**

All equity in the Debtor will be cancelled. The equity interest holders are Impaired under the Plan and may vote to accept or reject the Plan.

The equity interests in this Debtor shall be issued 25% to Jeff Madden and Charles Madden and 75% to all the Class 4 Claimants in AGAP 109, AGAP 209, AGAP 309 and AGAP 509 pro-rata that abandon their interests in their respective Debtors.

The Deferred Compensation is actually a claim (present and future) of AGAP Life Offerings, LLC against the other policy-holding entities, including AGAP LS 409, a non-debtor. Each of the policy-holding Debtor entities (AGAP LS 108, 109, 209, 309 and 509), together with AGAP LS 409, LLC (a non-debtor), provided for an amount to be paid to AGAP Life Offerings, LLC upon the maturity of the life insurance policies, or the payoff of the longevity risk protection contracts (“LRP Contracts”), whichever occurred first. This amount has been referred to as “deferred compensation” because it was to be paid only upon the events described above. The amount is the residual of the death benefit of the life policies after deducting the Total Maturity Values (defined below) to the individual investors in the respective policy-holding entity. The Maturity Values were the amounts to be received by the investors and were calculated by applying a stipulated Maturity Yield (defined below) to their investment amounts. The Maturity Yields were different for each entity and the subscription documents reflected the individual investment amount, Maturity Yield, Maturity Values and life expectancy.

In the event of default of the LRP Contracts, which actually occurred in these cases, then required additional premiums to be paid by the investors under the terms of the subscription agreements. The offering documents of AGAP LS 209, 309, 409 and 509 provided that any such premiums would be reimbursed to the investors upon maturity of the policies out of the deferred

compensation due to AGAP Life Offerings, LLC. This reimbursement concept was also adopted for AGAP LS 108 and AGAP LS 109, after the fact. The Plan does not provide for this reimbursement because the Deferred Compensation is being used to fund Life Offerings under the Plan, so that investors who elect to abandon their positions in their actual Debtors can still recover monies through Life Offerings. The Debtors agree that paying this reimbursement amount would negatively affect Life Offerings proposal in the Plans to contribute such Deferred Compensation to the investor/creditors.

As of July 28, 2016, the relevant amounts related to Deferred Compensation for each of the AGAP entities is shown in the table below.

Entity	Policy Death Benefit	Total Maturity Value	Capital Raised	AGAP Life Residual (i.e. Deferred Compensation)
	A	B	C	D (= A - B)
AGAP LS 108 LLC (a)	\$ 2,000,000	\$ 1,795,081	\$ 1,237,987	\$ 204,920
AGAP LS 109 LLC (b)	5,000,000	4,150,792	2,570,115	849,208
AGAP LS 209 LLC	5,000,000	4,683,792	2,735,309	316,208
AGAP LS 309 LLC	5,000,000	4,622,946	2,614,203	377,054
AGAP LS 409 LLC	2,000,000	1,863,395	1,032,853	136,605
AGAP LS 509 LLC	3,750,000	3,437,022	1,828,634	312,978
	<u>\$ 22,750,000</u>	<u>\$ 20,553,027</u>	<u>\$ 12,019,101</u>	
Sub-Totals Related to Deferred Comp to AGAP Life Offerings				\$ 2,196,973
Less: Deferred Comp on AGAP LS 109 unlikely (b)				<u>(849,208)</u>
Adjusted Totals to AGAP Life Offerings				<u>\$ 1,347,765</u>
<p>(a) Policy in AGAP LS 108 matured in June, 2016.</p> <p>(b) Assumes Policy in AGAP LS 109 is sold due to extremely low participation in premium payments, resulting in no deferred compensation to AGAP Life Offerings.</p>				

The policy-holding Debtor entities (AGAP LS 108, 109, 209, 309 and 509) will pay AGAP Life Offerings, LLC the amount of the “AGAP Residual (i.e., Deferred Compensation)” amount upon the maturity and payoff of the individual life policies. In addition to those amounts described in the table above, AGAP Life Offerings is also entitled to collect for amounts it advanced to the various related Debtor entities in the combined amount of \$555,559. AGAP Life Offerings will pay the following estimated claims: \$516,268 to Class 2 Creditors; \$258,760 to related Debtor entities, AGAP LS 209, 309 and 509 (\$115,961.87 to AGAP LS 209, \$67,719.61 to AGAP LS 309, and \$75,078.87 to AGAP LS 509, all scheduled as accounts receivable on the respective entities’ Schedule B); Administrative Priority Claims for professional fees estimated at \$100,000 leaving what it projects as a balance of funds of \$1,028,296 of which the investor/creditors would receive 75%, which is \$771,222. All Administrative Priority Claims for professional fees will be

paid from AGAP Life Offerings, the policy-holding Debtor entities will not pay Administrative Priority Claims for professional fees.

The Maturity Value is the face value of the life insurance policy. As to each investor/creditor they have been assigned a value based on their share of the Maturity Value of a policy less their share of unpaid policy premiums, admin fees and interest, assuming that they will opt to stay in a position that requires them to make future premium and admin payments. On Final Maturity of the policies, policy by policy, the amount to be paid to investor/creditors will be adjusted to catch up the premiums, admin expenses and interest on same that were not paid by an investor/creditor by deducting such amount from their final Maturity Value. Unlike the original subscription provisions there will be no credit back to investors for premiums paid from the Deferred Compensation. The amount of Deferred Compensation payable to AGAP Life Offerings will not be determined by reducing the Deferred Compensation by the amounts owed to investors for premium payments because the Plan alters this payment scheme and the rights of investors to receive past premiums paid.

Post-confirmation premium payments will not erode the amount of any Deferred Compensation owed to AGAP Life Offerings because the Plan does not provide for this. By changing this arrangement for the pay back of policy premiums there will be Deferred Compensation remaining to pay to the Life Offerings creditors/investors.

## **ARTICLE VI: Voting**

Voting pursuant to Section 1126 of the Bankruptcy Code shall take place by ballot. Ballots will be distributed with the "solicitation package" approved by the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy Code.

Each entity entitled to vote may vote only in the specific case in which it holds a claim, and such vote will only be counted in its respective case.

## **ARTICLE VII: Plan Implementation**

The Plan will be implemented and consummated post-effective date, pursuant to § 1123(a)(5) of the Code, by the commencement of payments as called for above. The Reorganized Debtors may elect to borrow money post-confirmation in order to make payments called for by this Plan.

## **ARTICLE VIII: Executory Contracts and Unexpired Leases**

### **8.1 Assumption of Insurance Policies**

Debtors shall assume, pursuant to Bankruptcy Code Section 1123(b)(2), all insurance policies that are owned by the Debtors on the Confirmation Date and same shall be considered in good standing as of the Confirmation Date. Pursuant to the terms of this Plan, the Debtors are assuming the life policies that serve as the personal property of each Debtor. Any other executory

contracts shall be assumed by separate motion or as part of confirmation, if identified as part of the Plan by the Debtors.

## **8.2 Rejection of Executory Contracts and Unexpired Leases**

Except as otherwise provided in the Plan or in any order of the Bankruptcy Court, each Debtor shall have the right as provided for in the Bankruptcy Code to assume or reject any executory contract or unexpired lease. Each Debtor shall assume or reject each executory contract or unexpired lease by a separate motion filed with the Bankruptcy Court. Provided, however, that upon Confirmation of this Plan, to the extent a Debtor has not expressly assumed by Motion an executory contract or unexpired lease, such contract or lease shall be deemed rejected as of the Effective Date without further notice or order, and the Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejection, pursuant to § 365.

## **8.3 Reservation of Rights**

Any contract or lease that a Debtor assumes remains subject to the same rights that such Debtor held or holds at, on, or after the Petition Date to modify or terminate such agreement under applicable non-bankruptcy law. Each executory contract or unexpired lease that a Debtor assumes or assumes and assigns shall vest in and be fully enforceable by the Reorganized Debtor or, if assigned, by the purchaser in accordance with its terms, except as modified by the provisions of the Plan, any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable federal law.

## **8.4 Bar Date for Claims Based on Rejection**

If the rejection of an executory contract or an unexpired lease by a Debtor results in damages to the other party or parties to such contract or lease, a Claim for such damages shall be forever barred and shall not be enforceable against the Debtors, the Reorganized Debtor, their affiliates, successors, assigns, Estates, or their properties or agents, unless a proof of Claim is filed with the Bankruptcy Court and served upon the Debtor, by the earlier of (a) the end of the month following the period in which the Effective Date occurs or (b) such other deadline as the Court may set for asserting a Claim for such damages. Any Rejection Claim arising from the rejection of an unexpired lease or executory contract shall be treated as a General Unsecured Claim; provided, however, that any Rejection Claim based upon the rejection of an unexpired lease of real property either prior to the Confirmation Date or upon the entry of the Confirmation Order shall be limited in accordance with section 502(b)(6) of the Bankruptcy Code and state law mitigation requirements. Nothing contained herein shall be deemed an admission by the Debtors that such rejection gives rise to or results in a Claim or shall be deemed a waiver by the Debtors of any objections to such Claim if asserted.

# **ARTICLE IX: Discharge, Releases, and Limitation of Liability**

## **9.1 Releases and Discharge of Claims and Interests**

Except as otherwise specifically provided by the Plan, the Confirmation of the Plan as to Debtors shall discharge that Debtor from any debt that arose before the Confirmation Date, and

any debt of the kind specified in §§ 502(g), 502(h) or 502(i), whether or not a proof of Claim is Filed or is deemed Filed, whether or not such Claim is an Allowed Claim, and whether or not the holder of such Claim has voted on the Plan.

Except as otherwise specifically provided by the Plan, the distributions and rights that are provided in the Plan shall be in complete satisfaction and release, effective as of the Confirmation Date (but subject to the occurrence of the Effective Date) of

- i. all Claims and causes of action against, liabilities of, liens on, obligations of and interests in each Debtor and Reorganized Debtor and the assets and properties of each Debtor and Reorganized Debtor, whether known or unknown; and
- ii. all causes of action (whether known or unknown, either directly or derivatively through any Debtor or Reorganized Debtor) against, Claims (as defined in § 101) against, liabilities (as guarantor of a Claim or otherwise) of, liens on the direct or indirect assets and properties of, and obligations of successors and assigns of each Debtor and Reorganized Debtor and its successors and assigns based on the same subject matter as any Claim or Interest or based on any act or omission, transaction or other activity or security, instrument, or other agreement of any kind or nature occurring, arising or existing prior to the Effective Date that was or could have been the subject of any Claim or Interest, in each case regardless of whether a proof of Claim or Interest was Filed, whether or not Allowed and whether or not the holder of the Claim or Interest has voted on the Plan.

## **9.2 Released Parties**

On the Effective Date, the AGAP Debtors, on behalf of itself, unconditionally releases, and hereby are deemed to release unconditionally on such date each present officer, director, employee, consultant, financial advisor, attorney, accountant, professional, and other representatives of the Debtors (collectively as the "Released Parties" and any of the Released Parties individually shall be referred to as a "Released Party"), from any and all claims, obligations, suits, judgments, damages, rights, causes of action, and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon or related to any act or omission, transaction, event, or other occurrence in any way relating to or in connection with the Plan, except that no Released Party shall be released from acts or omissions which are the result of willful misconduct or fraud.

The foregoing release provisions are an integral part of the Plan and are essential to its implementation. If and to the extent that the Bankruptcy Court concludes that the Plan cannot be confirmed with any portion of the foregoing releases, the Debtors reserve the right to amend the Plan so as to give effect as much as possible to the foregoing releases, or to delete them.

## **9.3 Limitation of Liability**

Neither any Debtor or Reorganized Debtor nor any of their respective officers, directors, partners, employees, members, agents, advisors, affiliates, underwriters or investment bankers, nor any other professional persons employed by any of them (collectively, the "Exculpated Persons"), shall have or incur any liability to any entity for any act taken or omission made in good faith in connection with or related to formulating, negotiating, implementing, confirming or

consummating the Plan, the Disclosure Statement or any Plan Document. The Exculpated Persons shall have no liability to any Debtor, Reorganized Debtor, Creditor, Interest holder, any other party in interest in the Chapter 11 Cases or any other entity for actions taken or not taken under the Plan, in connection herewith or with respect thereto, or arising out of their administration of the Plan or the property to be distributed under the Plan, in good faith, including, without limitation, failure to obtain Confirmation or to satisfy any condition or conditions, or refusal to waive any condition or conditions, up to the occurrence of the Effective Date, and in all respects such Exculpated Persons shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

## **ARTICLE X: Claims and Resolution of Claim Disputes**

### **10.1 The Debtors' Causes of Action**

Except as otherwise released pursuant to the Plan, all Claims recoverable under Section 550 of the Bankruptcy Code, all Claims against third parties on account of an indebtedness, and all other Claims of any kind or character whatsoever owed to or in favor of the Debtors or the Estate to the extent not specifically compromised and released pursuant to the Plan or any agreement referred to and incorporated herein, are hereby preserved and retained for enforcement by the Debtors for the benefit of the Creditors subsequent to the Effective Date.

### **10.2 Time for Filing Claims**

The holder of any Administrative Claim other than (i) a Fee Claim, (ii) a liability incurred and paid in the ordinary course of business by the Debtor, or (iii) an Allowed Administrative Claim, must file with the Bankruptcy Court and serve on the Debtors and their respective counsel, notice of such Administrative Claim within thirty (30) days after the Effective Date. At a minimum, such notice must identify (i) the name of the holder of such Claim, (ii) the amount of such Claim, and (iii) the basis of such Claim. Failure to file this notice timely and properly shall result in the Administrative Claim being forever barred and discharged.

Each Person asserting an Administrative Expense that is a Fee Claim incurred before the Effective Date shall be required to file with the Bankruptcy Court, and serve on the Debtors' counsel and the U. S. Trustee, a Fee Application within sixty (60) days after the Effective Date.

A person who is found to have received a voidable transfer shall have thirty (30) days following the date upon which the order ruling that such transfer is avoidable becomes a Final Order in which to file a Claim in the amount of such avoided transfer.

A Person asserting a claim based on the rejection of an executory contract or lease shall be governed by the terms above in the Article on Executory Contracts and Unexpired Leases.

Liabilities incurred from the Petition Date through the Effective Date in the ordinary course of business shall be paid in the ordinary course of business by the Debtor.

Each Person holding a claim not otherwise described in this Section shall file a proof of claim with the Clerk of the Bankruptcy Court and serve notice on Debtors and their counsel by the  
 FOURTH JOINT PLAN OF REORGANIZATION  
 DATED AUGUST 16, 2016

Bar Date. Unless otherwise provided for by the Bankruptcy Code or Rules, failure to do so shall result in the Claim being forever barred and discharged.

### **10.3 Objections to Claims**

Any party authorized by the Bankruptcy Code may object to the allowance of Pre- petition Claims at any time prior to sixty (60) days after the Effective Date and, as to Rejection Claims or Claims resulting from a voided transfer, at any time prior to sixty (60) days after the filing of any such Rejection Claim or claim based on a voided transfer. Any proof of Claim filed after the Court sets bar dates shall be of no force and effect and shall be deemed disallowed and forever barred unless the Court grants allowance of a late claim under the standards for granting a late claim. All Contested Claims shall be litigated to Final Order; provided, however, that the Debtors may compromise and settle any Contested Claim, subject to the approval of the Bankruptcy Court.

No distributions under the Plan shall be made to the holder of a Claim that is in dispute, unless and until such Claim becomes an Allowed Claim. If a Claim is disputed in whole or in part because a Debtor asserts a right of offset against such Claim or recoupment against the holder of such Claim, then, if and to the extent the Claim giving rise to the offset or recoupment is sustained by Final Order, the Claim in dispute shall be reduced or eliminated and, if applicable, the holder of such Claim shall be required to pay the amount of such offset or recoupment, less the amount of its Allowed Claim. In addition, any party authorized by the Bankruptcy Code, at anytime, may request that the Court estimate any contingent, disputed or unliquidated Claim pursuant to Section 502(c) of the Bankruptcy Code, regardless of any prior objections.

## **ARTICLE XI: Effect of Confirmation**

### **11.1 Discharge and Release of Debtors**

Pursuant to Bankruptcy Code Section 1141, confirmation of the Plan will, with respect to each Debtor for which the Plan is confirmed, (1) discharge such Debtor and (2) except as otherwise specifically provided herein or in the order confirming the Plan, vest all property of the estate in such Reorganized Debtor free and clear of all liens, claims, and encumbrances of any kind.

### **11.2 Legal Binding Effect**

The provisions of the Plan, pursuant to Bankruptcy Code Section 1141, shall bind the Debtors and all Creditors, whether or not they accept the Plan. The distributions provided for Claimants shall not be subject to any Claim by another creditor or interest holder by reason of any assertion of a contractual right of subordination.

### **11.3 Permanent Injunction**

Confirmation of the Plan shall result in the issuance of an injunction such that all entities who have held, hold, or may hold Claims against or Interests in a Debtor are, with respect to any such Claims or Interests, permanently enjoined from and after the Confirmation Date from:

- a. commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including, without limitation, any proceeding in a

judicial, arbitral, administrative or other forum) against or affecting any Debtor or Reorganized Debtor, any of their professionals, any of their property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any Debtor, or any property of any such transferee or successor;

- b. enforcing, levying, attaching (including, without limitation, any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, of any judgment, award, decree or order against any Debtor or Reorganized Debtor, any of their professionals, any of their property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any Debtor, or any property of any such transferee or successor;
- c. creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against any Debtor or Reorganized Debtor, any of their professionals, any of their property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing entities;
- d. asserting any right of setoff, subrogation, or recoupment of any kind, directly or indirectly, against any obligation due to any Debtor or Reorganized Debtor, any of their professionals, any of their property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing entities; and
- e. acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan.

Provided, however, that each holder of a Contested Claim may continue to prosecute its proof of Claim in the Bankruptcy Court and all holders of Claims shall be entitled to enforce their rights under the Plan and any agreements executed or delivered pursuant to or in connection with the Plan.

In the event that any Entity takes any action that is prohibited by, or is otherwise inconsistent with the provisions of this Section of the Plan, then, upon notice to the Bankruptcy Court, the action or proceeding in which the claim of such entity is asserted shall automatically be transferred to the Bankruptcy Court for enforcement of the provisions of this Section of the Plan.

## ARTICLE XII: General Provisions

### 12.1 Request for Relief Under Bankruptcy Code Section 1129

In the event any Impaired Class shall fail to accept the Plan in accordance with Bankruptcy Code Section 1129(a), the Debtors reserve the right to, and do hereby request the Bankruptcy Court to confirm the Plan in accordance with Bankruptcy Code Section 1129(b).

## **12.2 Revocation**

The Debtors reserve the right to revoke and withdraw the Plan at any time prior to the Confirmation Date.

## **12.3 Effect of Withdrawal or Revocation**

If the Debtors revoke or withdraw the Plan prior to the Confirmation Date, or if the Confirmation Date or the Effective Date does not occur, then the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any person in any further proceedings involving the Debtors.

## **12.4 Due Authorization by Creditors**

Each and every Claimant who elects to participate in the distributions provided herein warrants that it is authorized to accept in consideration of its Claim against the Debtors the distributions provided in the Plan and that there are no outstanding commitments, agreements, or understandings, express or implied, that may or can in any way defeat or modify the rights conveyed or obligations undertaken by it under the Plan.

## **12.5 Entire Agreement**

The Plan, as described herein, the Confirmation Order, and all other documents and instruments to effectuate the Plan provided for herein, constitute the entire agreement and understanding among the parties hereto relating to the subject matter hereof and supersedes all prior discussions and documents.

## **12.6 Section 1146 Exemption**

Pursuant to Section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange or any security under the Plan or the making or delivery of any instrument or transfer pursuant to, in implementation of, or as contemplated by the Plan or the transfer of any property pursuant to the Plan shall not be taxed under any federal, state or local law imposing a stamp, transfer, or similar tax or fee.

## **12.7 Provisions Governing Distributions**

All payments and distributions under the Plan shall be made by the Debtors as indicated. Any payments or distributions to be made by the Debtors pursuant to the Plan shall be made as soon as reasonably practicable after the Effective Date, except as otherwise provided for in the Plan, or as may be ordered by the Bankruptcy Court. Any payment or distribution by the Debtors pursuant to the Plan, to the extent delivered by the United States Mail, shall be deemed made when deposited into the United States Mail.

Payments of Cash to be made by the Debtors pursuant to the Plan shall be made by check drawn on a domestic bank or by wire transfer from a domestic bank.

Distributions and deliveries to holders of Allowed Claims shall be made at the addresses set forth on the proofs of Claim or proofs of Interest filed by such holders (or at the last known addresses of such holders if no proof of Claim or proof of Interest is filed). All Claims for undeliverable distributions shall be made on or before the second anniversary of the Effective

Date. After such date, all unclaimed property shall remain the property of the Debtors and the Claim of any other holder with respect to such unclaimed property shall be discharged and forever barred.

Checks issued by the Debtors in respect of Allowed Claims shall be null and void if not cashed within ninety (90) days of the date of delivery thereof. Requests for reissuance of any check shall be made directly to the Debtors by the holder of the Allowed Claim to whom such check originally was issued. Any claim in respect of such a voided check shall be made within ninety (90) days after the date of delivery of such check. After such date, all Claims in respect of void checks shall be discharged and forever barred, and the amount of such checks shall become Unclaimed Property and returned to the Debtors.

No interest shall be paid on any Claim unless, and only to the extent that, the Plan specifically provides otherwise.

## **12.8 Governing Law**

Unless a rule of law or procedure supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) is applicable, or a specific choice of law provision is provided, the internal laws of the State of Texas shall govern the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan, without regard to conflicts of law.

## **12.9 Modification of Plan**

A Debtor may, pursuant to Section 1127(a) of the Bankruptcy Code, modify the Plan at any time prior to the entry of the Confirmation Order. After entry of the Confirmation Order, a Reorganized Debtor may, pursuant to Section 1127(b) and (c) of the Bankruptcy Code and with approval of the Bankruptcy Court, modify or amend the Plan in a manner that does not materially or adversely affect the interests of Persons affected by the Plan without having to solicit acceptance of such modification, and may take such steps as are necessary to carry out the purpose and effect of the Plan as modified.

## **12.10 Number and Gender of Words**

Whenever the singular number is used, it shall include the plural, and the plural shall include the singular, as appropriate to the context. Words of any gender shall include each other gender where appropriate.

## **12.11 Headings**

The headings and captions used in the Plan are for convenience only and shall not be deemed to limit, amplify, or modify the terms of the Plan nor affect the meaning thereof.

## **12.12 Time Computation**

In computing any period of time prescribed herein, the provisions of Federal Rule of Bankruptcy Procedure Rule 9006(a) shall apply.

## **12.13 Severability**

If any term or provision of the Plan is determined by a Court to be invalid, void, or unenforceable, such determination shall in no way limit or affect the enforceability or operative

effect of any other provision of the Plan. If any term or provision of the Plan is of such a character as to deny Confirmation, the Debtors reserve the right to strike or modify such provision and seek Confirmation of the Plan as modified. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

#### **12.14 No Admissions**

Notwithstanding anything herein to the contrary, nothing contained in the Plan shall be deemed as an admission by any Entity with respect to any matter set forth herein.

### **ARTICLE XIII: Administrative Provisions**

#### **13.1 Retention of Jurisdiction**

Notwithstanding confirmation of the Plan or the Effective Date having occurred, the Court will retain jurisdiction for the following purposes:

1. Allowance of Claims. To hear and determine the allowability of all Claims upon objections to such Claims.
2. Executory Contracts and Unexpired Leases Proceedings. To act with respect to proceedings regarding the assumption of any executory contract or unexpired lease of the Debtors pursuant to Sections 365 and 1123 of the Code and this Plan.
3. Plan Interpretation. To resolve controversies and disputes regarding the interpretation of the Plan.
4. Plan Implementation. To implement and enforce the provisions of the Plan and enter orders in aid of confirmation and implementation of the Plan.
5. Plan Modification. To modify the Plan pursuant to Section 1127 of the Code and applicable Bankruptcy Rules, except that no modification shall be made to the Plan that would impair, diminish or affect in any way the rights of participants of any Classes of the Plan without the consent of such Class.
6. Adjudication of Controversies. To adjudicate such contested matters and adversary proceedings as may be pending or subsequently initiated in the Court against the Debtors.
7. Injunctive Relief. To issue any injunction or other relief as appropriate to implement the intent of the Plan, and to enter such further orders enforcing any injunctions or other relief issued under the Plan or in the Confirmation Order.

8. Interpleader Action. To entertain interpleader actions concerning assets to be distributed or other assets of the Estate.
9. Correct Minor Defects. To correct any defect, cure any omission or reconcile any inconsistency or ambiguity in the Plan, the Confirmation Order or any document executed or to be executed in connection therewith, as may be necessary to carry out the purposes and intent of the Plan, provided that the rights of any holder or an Allowed Claim are not materially and adversely affected thereby.
10. Fees and Expenses and Administrative Claims. To review and authorize payment of professional fees and expenses or any other administrative claim incurred prior to the Effective Date.
11. Post-Confirmation Orders Regarding Confirmation. To enter and implement such orders as may be appropriate in the event the Confirmation Order is, for any reason, stayed, reversed, revoked, modified, or vacated.
12. Final Decree. To enter a final decree closing the Case pursuant to Bankruptcy Rule 3022.
13. Settlements. To approve settlements relating to the above
14. Resolution of Related Matters. To hear any other matter not inconsistent with the Bankruptcy Code or the Bankruptcy Court's jurisdiction.

### **13.2 Successors and Assigns**

The rights, benefits, and obligations of any entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, not just the entity but also the heirs, executors, administrators, successors, and assigns of such entity.

### **13.3 Notices**

After Confirmation, all notices, requests or demands for payments provided for in the Plan shall be in writing and shall be addressed to:

Joyce W. Lindauer  
12720 Hillcrest Road, Suite 625  
Dallas, Texas 75230  
(972) 503-4033 Telephone  
(972) 503-4034 Facsimile

with copies to:

Jeff Madden  
10567 Buccaneer Point  
Frisco, Texas 75034

For so long as the Chapter 11 Cases remain open, any of the above may, from time to time, change its address for future notices and other communications hereunder by filing a notice of the change of address with the Bankruptcy Court. After the Chapter 11 Cases are closed, any of the above may, from time to time, change its address for future notices and other communications hereunder by service upon any party in interest expressly requesting notice of same. Any and all notices given under the Plan shall be effective when received.

Respectfully submitted,

/s/ Joyce W. Lindauer

Joyce W. Lindauer  
State Bar No. 21555700  
Joyce W. Lindauer Attorney, PLLC  
12720 Hillcrest Road, Suite 625  
Dallas, Texas 75230  
Telephone: (972) 503-4033  
Facsimile: (972) 503-4034  
Attorneys for Debtors

/s/ Jeff Madden

Jeff Madden  
President  
For AGAP Debtors

## **EXHIBIT 2**

**AGAP CASES**      **LIQUIDATION ANALYSIS**      **EXHIBIT 2**

AGAP LIFE OFFERINGS, LLC,  
AGAP LS 108, LLC,  
AGAP LS 109, LLC,  
AGAP LS 209, LLC,  
AGAP LS 309, LLC,  
AGAP LS 509, LLC

DEBTOR	POLICY SALE PRICE	ADMIN DEBT	SECURED DEBT	UNSECURED BEBT	DIFFERENCE
AGAP 108 (1)	\$ 2,000,000	\$ 49,000	\$ 96,519 Fn	\$ 1,960,300	\$ (105,819)
AGAP 109	\$ 1,200,000	\$ 195,000	\$ 265,000 Fn	\$ 3,827,190	\$ (3,087,190)
AGAP 209	\$ 550,000	\$ 90,000	\$ 140,000 Fn	\$ 4,640,251	\$ (4,320,251)
AGAP 309	\$ 550,000	\$ 115,000	\$ 171,524 Fn	\$ 4,895,566	\$ (4,632,090)
AGAP 509	\$ 175,000	\$ 75,000	\$ 159,726 Fn	\$ 3,592,817	\$ (3,652,543)
AGAP Life	\$ 1,820,559 (accounts receivable)	\$ 15,000	\$ 8,777 (retained fees)	\$ 516,268	\$ 1,280,514

Policy has matured.

Fn (2) AGAP 409 may claim up to full amount of Green Bank debt if paid. That amount is estimated at \$850,000.

## **EXHIBIT 3**

**AGAP CASES  
PROJECTIONS**

Future Income expense under the plan  
5 year anticipated expenses

<b>AGAP LS 108 LLC.</b>	<b>2016</b>	<b>2017-1</b>	<b>2018-1</b>	<b>2019-1</b>	<b>2020-1</b>
Annual Premium Expense	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Administrative Charge <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

1 – Denotes the estimated amount (only the current policy year has been optimized)  
2 – Admin charge is currently .85% of investors subscription amount (ex: \$100,000 x .0085=\$850.00 annually)  
3 - Policy has matured

<b>AGAP LS 109 LLC</b>	<b>2016</b>	<b>2017-1</b>	<b>2018-1</b>	<b>2019-1</b>	<b>2020-1</b>
Annual Premium Expense	\$279,516.25	\$381,064.82	\$390,502.18	\$410,581.27	\$434,159.99
Administrative Charge <sup>2</sup>	\$19,275.86	\$19,275.86	\$19,275.86	\$19,275.86	\$19,275.86

1 – Denotes the estimated amount (only the current policy year has been optimized)  
2 – Admin charge is currently .85% of investors subscription amount (ex: \$100,000 x .0085=\$850.00 annually)

<b>AGAP LS 209 LLC</b>	<b>2016</b>	<b>2017-1</b>	<b>2018-1</b>	<b>2019-1</b>	<b>2020-1</b>
Annual Premium Expense	\$283,147.25	\$443,863.64	\$484,827.63	\$520,177.67	\$566,176.51
Administrative Charge <sup>2</sup>	\$20,514.82	\$20,514.82	\$20,514.82	\$20,514.82	\$20,514.82

1 – Denotes the estimated amount (only the current policy year has been optimized)  
2 – Admin charge is currently .85% of investors subscription amount (ex: \$100,000 x .0085=\$850.00 annually)

<b>AGAP LS 309 LLC</b>		<b>2016</b>	<b>2017-1</b>	<b>2018-1</b>	<b>2019-1</b>	<b>2020-1</b>
Annual Premium Expense	\$149,251.01	\$325,298.24	\$217,888.89	\$305,787.59	\$250,801.11	
Administrative Charge <sup>2</sup>	\$19,606.52	\$19,606.52	\$19,606.52	\$19,606.52	\$19,606.52	

1 – Denotes the estimated amount (only the current policy year has been optimized)  
 2 – Admin charge is currently .85% of investors subscription amount (ex: \$100,000 x .0085=\$850.00 annually)

<b>AGAP LS 509 LLC</b>		<b>2016</b>	<b>2017-1</b>	<b>2018-1</b>	<b>2019-1</b>	<b>2020-1</b>
Annual Premium Expense	\$189,320.69	\$283,649.19	\$299,935.29	\$323,471.92	\$349,623.43	
Administrative Charge <sup>2</sup>	\$15,543.39	\$15,543.39	\$15,543.39	\$15,543.39	\$15,543.39	

1 – Denotes the estimated amount (only the current policy year has been optimized)  
 2 – Admin charge is currently .85% of investors subscription amount (ex: \$100,000 x .0085=\$850.00 annually)

<b>AGAP LIFE OFFERINGS, LLC</b>		<b>2016-1</b>	<b>2017-2</b>	<b>2018-2</b>	<b>2019-2</b>	<b>2020-2</b>
<b>5 year anticipated expenses</b>	<b>Monthly</b>					
Personnel	\$3,500	\$28,000	\$42,000	\$42,000	\$42,000	\$42,000
Facilities	\$450	\$3,600	\$5,400	\$5,400	\$5,400	\$5,400
Telephone & Data	\$502	\$4,016	\$6,024	\$6,024	\$6,024	\$6,024
Office Expenses	\$569	\$4,552	\$6,828	\$6,828	\$6,828	\$6,828
Policy Serving Fees	\$362.50	\$2,900	\$4,350	\$4,350	\$4,350	\$4,350
Travel/Vehicle	\$75.00	\$600	\$900	\$900	\$900	\$900
Miscellaneous Expense	\$400	\$3,200	\$4,800	\$4,800	\$4,800	\$4,800
Professional Fees	\$1,650.00	\$13,200	\$19,800	\$19,800	\$19,800	\$19,800
<b>TOTAL</b>	<b>\$7,508.50</b>	<b>\$60,068</b>	<b>\$91,102</b>	<b>\$91,102</b>	<b>\$91,102</b>	<b>\$91,102</b>

1 – Denotes partial year  
 2 – Denotes estimates and will be affected by policy maturities

<b>5 year anticipated income/revenues</b>		<b>2016</b>	<b>2017-1</b>	<b>2018-1</b>	<b>2019-1</b>	<b>2020-1</b>
Administrative Charge	\$60,068	\$91,102	\$91,102	\$91,102	\$91,102	\$91,102

1 – Denotes estimates and will be affected by policy maturities

## **EXHIBIT 4**

## AGAP Cases

## AGAP 108

Class	Name	Owed	Exhibit
1	AGAP 409	\$ 96,518.85	
2	3:10 Investments	\$ 21,645.53	
3	AGAP Life Offerings	\$ 168,515.90	
4	Unsecured Claims	\$ 1,570,296.04	A1
5	Equity Holders	Jeff Madden & Charles Madden, 50/50	

## AGAP 109

Class	Name	Owed	Exhibit
1	AGAP 409	\$ 265,000.00	
2	3:10 Investments	\$ 47,811.70	
3	AGAP Life Offerings	\$ 367,801.91	
4	Unsecured Claims	\$ 3,459,389.23	A2
5	Equity Holders	Jeff Madden & Charles Madden, 50/50	

## AGAP 209

Class	Name	Owed	Exhibit
1	AGAP 409	\$ 140,000.00	
2	3:10 Investments	\$ 871.90	
3	AGAP Life Offerings	\$ 5,682.59	
4	Unsecured Claims	\$ 4,493,900.63	A3
5	Equity Holders	Jeff Madden & Charles Madden, 50/50	

## AGAP 309

Class	Name	Owed	Exhibit
1	AGAP 409	\$ 171,524.97	
2	3:10 Investments	\$ 1,071.55	
3	AGAP Life Offerings	\$ 7,511.62	
4	Unsecured Claims	\$ 4,511,982.91	A4
5	Equity Holders	Jeff Madden & Charles Madden, 50/50	

## AGAP 509

Class	Name	Owed	Exhibit
1	AGAP 409	\$ 159,726.37	
2	3:10 Investments	\$ 545.87	
3	AGAP Life Offerings	\$ 6,047.45	
4	Unsecured Claims	\$ 3,285,925.95	A5
5	Equity Holders	Jeff Madden & Charles Madden, 50/50	

## AGAP Life Offerings

Class	Name	Owed	Exhibit
1	Unsecured Claims	\$ 516,268.18	A6
2	Equity Holders	Jeff Madden & Charles Madden, 50/50	

## **EXHIBIT 5**

Hypothetical Illustration of Opt-Out Election, with the "Opt-Out" Interests Assumed Pro-Rata by Remaining Investors (i.e. "Buy-In")									
Investor	Original Investment (a)	Quarterly		Original Maturity Value		Current Maturity Value		Buy-In of Opt-Out Interests	
		% to Total	Premium (b)	Amount	%	Amount	%	Premium (c)	% of Cur Mat (d)
A	140,000	10.0%	3,387	184,000	9.2%	174,000	8.7%	4,516	232,000
B	210,000	15.0%	5,080	276,000	13.8%	261,000	13.1%	6,773	348,000
C	70,000	5.0%	1,693	92,000	4.6%	87,000	4.4%		
D	420,000	30.0%	10,160	552,000	27.6%	522,000	26.1%		
E	70,000	5.0%	1,693	92,000	4.6%	87,000	4.4%		
F	70,000	5.0%	1,693	92,000	4.6%	87,000	4.4%		
G	140,000	10.0%	3,387	184,000	9.2%	174,000	8.7%		
H	280,000	20.0%	6,773	368,000	18.4%	348,000	17.4%		
Sub-Total	1,400,000	100.0%	33,867	1,840,000	92.0%	1,740,000	87.0%		
AGAP Life Offerings	0	n/a	0	160,000	8.0%	160,000	8.0%	n/a	n/a
Debt (c)	1,400,000	100.0%	33,867	2,000,000	100.0%	2,000,000	100.0%		
						100,000	5.0%		
								25.0%	21.8%
								33,867	33,867
								1,740,000	1,740,000
								87.0%	87.0%

**Note: This illustration is intended to reflect only the relative treatment of investors who "Opt-Out" and those that "Buy-In" on the amount quarterly premium calls and maturity values (before and after), and is not an accurate reflection of the Original Investment, the total investment to be incurred to life expectancy, or Quarterly Premium amounts. Therefore, this illustration cannot be used to calculate actual rates of return for any investor.**

(a) Includes life policy acquisition, longevity risk contract, policy premiums, compensation & fees, organizational costs, etc.

(b) Estimated quarterly premiums for a policy value of \$2,000,000, using the actual premium cost in 2015/2016 for the life policy in AGAP LS 209 LLC, which matured in June, 2016.

Premiums are reviewed and adjusted (typically increased) on policy anniversary dates by the insurance companies.

(c) Current maturity value reflects a nominal amount for premiums, service fees, and accrued interest thereon not paid by investors, which is deducted from the proceeds to investors at policy maturity. Debt was incurred to finance these unpaid amounts, which is due as DIP loans, loans from other AGAP entities, or from outsiders. No estimate has been made of additional accrued interest on this debt prior to maturity for purposes of this illustration. The debt in each AGAP entity will be pooled for all the Buy-In.

(d) Investors who "Opt-Out" relinquish their rights to policy maturity benefits, are forgiven for the pre-petition amounts of unpaid premiums and service fees, are no longer required to pay premiums, and are entitled to receive a member interest in AGAP Life Offerings, LLC under the Plan.

(e) The Opt-Out interests may be acquired (so-called "Buy-In" of interest) by other investors in the AGAP entity, or by others as allowed under the Plan. For purposes of this illustration, the remaining investors share pro-rata in the Buy-In interests. Interest at 6% will be accrued on the unpaid premiums, service fees and accrued interest on Opt-Out interests being acquired, which will also be deducted from the current maturity value; however, no estimate of that interest deduction against current maturity value has been made for this illustration.

## **EXHIBIT 6**

**Premium Due for AGAP Life Offerings LLC between 5/1/2016 and 12/31/2036**

Insured	Policy Owner	Policy Number	Policy Anniversary	Premium Due Date
French Sr., Harry B.	Agap LS 109	59525758	15-Aug	15th
Owens Jr., Herbert William	Agap LS 309	U0573180	15-Jan	15th
Ryan, Maria Luisa	Agap LS 209	157211143	4-Sep	4th
Wilson, Charles Zachary	Agap LS 509	156225880	27-Dec	27th
Winton, Leonard Bryan	Agap LS 108	IL00485430	22-Dec	22th
Month Total	<del>MATURED</del>			

**Premium Forecast for AGAP Life Insurance Policies -- To Age 100***Prepared by Track-Life LLC, Atlanta, GA, 4/19/16*

Insured Policy Anniversary AGAP Entity	French 15-Aug 109	Ryan 4-Sep 209	Owens 15-Jan 309	Wilson 27-Dec 509	Monthly Totals
<b>Mo/Yr</b>					
May-16	\$90,266.24	\$0.00	\$49,750.34	\$0.00	\$140,016.58
Jun-16	\$0.00	\$75,194.44	\$0.00	\$0.00	\$75,194.44
Jul-16	\$0.00	\$0.00	\$49,750.34	\$59,651.82	\$109,402.16
Aug-16	\$94,625.00	\$0.00	\$0.00	\$0.00	\$94,625.00
Sep-16	\$0.00	\$103,966.51	\$0.00	\$0.00	\$103,966.51
Oct-16	\$0.00	\$0.00	\$49,750.34	\$59,651.82	\$109,402.16
Nov-16	\$94,625.00	\$0.00	\$0.00	\$0.00	\$94,625.00
Dec-16	\$0.00	\$103,966.51	\$0.00	\$70,017.05	\$173,983.56
Jan-17	\$0.00	\$0.00	\$81,324.58	\$0.00	\$81,324.58
Feb-17	\$94,625.00	\$0.00	\$0.00	\$0.00	\$94,625.00
Mar-17	\$0.00	\$103,966.51	\$0.00	\$70,017.05	\$173,983.56
Apr-17	\$0.00	\$0.00	\$81,324.58	\$0.00	\$81,324.58
May-17	\$94,625.00	\$0.00	\$0.00	\$0.00	\$94,625.00
Jun-17	\$0.00	\$103,966.51	\$0.00	\$70,017.05	\$173,983.56
Jul-17	\$0.00	\$0.00	\$81,324.58	\$0.00	\$81,324.58
Aug-17	\$95,907.41	\$0.00	\$0.00	\$0.00	\$95,907.41
Sep-17	\$0.00	\$117,965.31	\$0.00	\$70,017.05	\$187,982.37
Oct-17	\$0.00	\$0.00	\$81,324.58	\$0.00	\$81,324.58
Nov-17	\$95,907.41	\$0.00	\$0.00	\$0.00	\$95,907.41
Dec-17	\$0.00	\$117,965.31	\$0.00	\$73,598.02	\$191,563.34
Jan-18	\$0.00	\$0.00	\$54,472.25	\$0.00	\$54,472.25
Feb-18	\$95,907.41	\$0.00	\$0.00	\$0.00	\$95,907.41
Mar-18	\$0.00	\$117,965.31	\$0.00	\$73,598.02	\$191,563.34
Apr-18	\$0.00	\$0.00	\$54,472.25	\$0.00	\$54,472.25
May-18	\$95,907.41	\$0.00	\$0.00	\$0.00	\$95,907.41
Jun-18	\$0.00	\$117,965.31	\$0.00	\$73,598.02	\$191,563.34
Jul-18	\$0.00	\$0.00	\$54,472.25	\$0.00	\$54,472.25
Aug-18	\$99,343.68	\$0.00	\$0.00	\$0.00	\$99,343.68
Sep-18	\$0.00	\$124,448.50	\$0.00	\$73,598.02	\$198,046.53
Oct-18	\$0.00	\$0.00	\$54,472.25	\$0.00	\$54,472.25
Nov-18	\$99,343.68	\$0.00	\$0.00	\$0.00	\$99,343.68
Dec-18	\$0.00	\$124,448.50	\$0.00	\$79,141.22	\$203,589.72
Jan-19	\$0.00	\$0.00	\$76,446.90	\$0.00	\$76,446.90
Feb-19	\$99,343.68	\$0.00	\$0.00	\$0.00	\$99,343.68
Mar-19	\$0.00	\$124,448.50	\$0.00	\$79,141.22	\$203,589.72
Apr-19	\$0.00	\$0.00	\$76,446.90	\$0.00	\$76,446.90
May-19	\$99,343.68	\$0.00	\$0.00	\$0.00	\$99,343.68
Jun-19	\$0.00	\$124,448.50	\$0.00	\$79,141.22	\$203,589.72
Jul-19	\$0.00	\$0.00	\$76,446.90	\$0.00	\$76,446.90
Aug-19	\$105,946.95	\$0.00	\$0.00	\$0.00	\$105,946.95
Sep-19	\$0.00	\$135,640.33	\$0.00	\$79,141.22	\$214,781.55
Oct-19	\$0.00	\$0.00	\$76,446.90	\$0.00	\$76,446.90
Nov-19	\$105,946.95	\$0.00	\$0.00	\$0.00	\$105,946.95
Dec-19	\$0.00	\$135,640.33	\$0.00	\$86,048.26	\$221,688.59
Jan-20	\$0.00	\$0.00	\$62,700.28	\$0.00	\$62,700.28
Feb-20	\$105,946.95	\$0.00	\$0.00	\$0.00	\$105,946.95

**Premium Forecast for AGAP Life Insurance Policies -- To Age 100***Prepared by Track-Life LLC, Atlanta, GA, 4/19/16*

Insured Policy Anniversary	French 15-Aug 109	Ryan 4-Sep 209	Owens 15-Jan 309	Wilson 27-Dec 509	Monthly Totals
<b>Mo/Yr</b>					
Mar-20	\$0.00	\$135,640.33	\$0.00	\$86,048.26	\$221,688.59
Apr-20	\$0.00	\$0.00	\$62,700.28	\$0.00	\$62,700.28
May-20	\$105,946.95	\$0.00	\$0.00	\$0.00	\$105,946.95
Jun-20	\$0.00	\$135,640.33	\$0.00	\$86,048.26	\$221,688.59
Jul-20	\$0.00	\$0.00	\$62,700.28	\$0.00	\$62,700.28
Aug-20	\$111,133.04	\$0.00	\$0.00	\$0.00	\$111,133.04
Sep-20	\$0.00	\$147,447.92	\$0.00	\$86,048.26	\$233,496.18
Oct-20	\$0.00	\$0.00	\$62,700.28	\$0.00	\$62,700.28
Nov-20	\$111,133.04	\$0.00	\$0.00	\$0.00	\$111,133.04
Dec-20	\$0.00	\$147,447.92	\$0.00	\$91,478.65	\$238,926.57
Jan-21	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41
Feb-21	\$111,133.04	\$0.00	\$0.00	\$0.00	\$111,133.04
Mar-21	\$0.00	\$147,447.92	\$0.00	\$91,478.65	\$238,926.57
Apr-21	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41
May-21	\$111,133.04	\$0.00	\$0.00	\$0.00	\$111,133.04
Jun-21	\$0.00	\$147,447.92	\$0.00	\$91,478.65	\$238,926.57
Jul-21	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41
Aug-21	\$119,325.24	\$0.00	\$0.00	\$0.00	\$119,325.24
Sep-21	\$0.00	\$161,919.52	\$0.00	\$91,478.65	\$253,398.17
Oct-21	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41
Nov-21	\$119,325.24	\$0.00	\$0.00	\$0.00	\$119,325.24
Dec-21	\$0.00	\$161,919.52	\$0.00	\$109,480.68	\$271,400.20
Jan-22	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
Feb-22	\$119,325.24	\$0.00	\$0.00	\$0.00	\$119,325.24
Mar-22	\$0.00	\$161,919.52	\$0.00	\$109,480.68	\$271,400.20
Apr-22	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
May-22	\$119,325.24	\$0.00	\$0.00	\$0.00	\$119,325.24
Jun-22	\$0.00	\$161,919.52	\$0.00	\$109,480.68	\$271,400.20
Jul-22	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
Aug-22	\$133,522.91	\$0.00	\$0.00	\$0.00	\$133,522.91
Sep-22	\$0.00	\$182,158.00	\$0.00	\$109,480.68	\$291,638.68
Oct-22	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
Nov-22	\$133,522.91	\$0.00	\$0.00	\$0.00	\$133,522.91
Dec-22	\$0.00	\$182,158.00	\$0.00	\$117,207.73	\$299,365.73
Jan-23	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41
Feb-23	\$133,522.91	\$0.00	\$0.00	\$0.00	\$133,522.91
Mar-23	\$0.00	\$182,158.00	\$0.00	\$117,207.73	\$299,365.73
Apr-23	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41
May-23	\$133,522.91	\$0.00	\$0.00	\$0.00	\$133,522.91
Jun-23	\$0.00	\$182,158.00	\$0.00	\$117,207.73	\$299,365.73
Jul-23	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41
Aug-23	\$159,682.60	\$0.00	\$0.00	\$0.00	\$159,682.60
Sep-23	\$0.00	\$198,495.02	\$0.00	\$117,207.73	\$315,702.75
Oct-23	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41
Nov-23	\$159,682.60	\$0.00	\$0.00	\$0.00	\$159,682.60
Dec-23	\$0.00	\$198,495.02	\$0.00	\$125,226.22	\$323,721.24

**Premium Forecast for AGAP Life Insurance Policies -- To Age 100***Prepared by Track-Life LLC, Atlanta, GA, 4/19/16*

Insured Policy Anniversary	French 15-Aug 109	Ryan 4-Sep 209	Owens 15-Jan 309	Wilson 27-Dec 509	Monthly Totals
<b>Mo/Yr</b>					
Jan-24	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
Feb-24	\$159,682.60	\$0.00	\$0.00	\$0.00	\$159,682.60
Mar-24	\$0.00	\$198,495.02	\$0.00	\$125,226.22	\$323,721.24
Apr-24	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
May-24	\$159,682.60	\$0.00	\$0.00	\$0.00	\$159,682.60
Jun-24	\$0.00	\$198,495.02	\$0.00	\$125,226.22	\$323,721.24
Jul-24	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
Aug-24	\$208,840.61	\$0.00	\$0.00	\$0.00	\$208,840.61
Sep-24	\$0.00	\$216,044.34	\$0.00	\$125,226.22	\$341,270.56
Oct-24	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
Nov-24	\$208,840.61	\$0.00	\$0.00	\$0.00	\$208,840.61
Dec-24	\$0.00	\$216,044.34	\$0.00	\$135,684.30	\$351,728.64
Jan-25	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41
Feb-25	\$208,840.61	\$0.00	\$0.00	\$0.00	\$208,840.61
Mar-25	\$0.00	\$216,044.34	\$0.00	\$135,684.30	\$351,728.64
Apr-25	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41
May-25	\$208,840.61	\$0.00	\$0.00	\$0.00	\$208,840.61
Jun-25	\$0.00	\$216,044.34	\$0.00	\$135,684.30	\$351,728.64
Jul-25	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41
Aug-25	\$236,242.42	\$0.00	\$0.00	\$0.00	\$236,242.42
Sep-25	\$0.00	\$238,899.90	\$0.00	\$135,684.30	\$374,584.19
Oct-25	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41
Nov-25	\$236,242.42	\$0.00	\$0.00	\$0.00	\$236,242.42
Dec-25	\$0.00	\$238,899.90	\$0.00	\$147,021.74	\$385,921.63
Jan-26	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
Feb-26	\$236,242.42	\$0.00	\$0.00	\$0.00	\$236,242.42
Mar-26	\$0.00	\$238,899.90	\$0.00	\$147,021.74	\$385,921.63
Apr-26	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
May-26	\$236,242.42	\$0.00	\$0.00	\$0.00	\$236,242.42
Jun-26	\$0.00	\$238,899.90	\$0.00	\$147,021.74	\$385,921.63
Jul-26	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
Aug-26	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sep-26	\$0.00	\$262,935.16	\$0.00	\$147,021.74	\$409,956.90
Oct-26	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
Nov-26	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dec-26	\$0.00	\$262,935.16	\$0.00	\$159,456.55	\$422,391.71
Jan-27	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41
Feb-27	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mar-27	\$0.00	\$262,935.16	\$0.00	\$159,456.55	\$422,391.71
Apr-27	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41
May-27	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Jun-27	\$0.00	\$262,935.16	\$0.00	\$159,456.55	\$422,391.71
Jul-27	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41
Aug-27	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sep-27	\$0.00	\$0.00	\$0.00	\$159,456.55	\$159,456.55
Oct-27	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41

**Exhibit "6"**

**Premium Forecast for AGAP Life Insurance Policies -- To Age 100***Prepared by Track-Life LLC, Atlanta, GA, 4/19/16*

Insured Policy Anniversary AGAP Entity	French 15-Aug 109	Ryan 4-Sep 209	Owens 15-Jan 309	Wilson 27-Dec 509	Monthly Totals
<b>Mo/Yr</b>					
Nov-27	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dec-27	\$0.00	\$0.00	\$0.00	\$171,644.05	\$171,644.05
Jan-28	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
Feb-28	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mar-28	\$0.00	\$0.00	\$0.00	\$171,644.05	\$171,644.05
Apr-28	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
May-28	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Jun-28	\$0.00	\$0.00	\$0.00	\$171,644.05	\$171,644.05
Jul-28	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
Aug-28	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sep-28	\$0.00	\$0.00	\$0.00	\$171,644.05	\$171,644.05
Oct-28	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
Nov-28	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dec-28	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Jan-29	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41
Feb-29	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mar-29	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Apr-29	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41
May-29	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Jun-29	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Jul-29	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41
Aug-29	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sep-29	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Oct-29	\$0.00	\$0.00	\$62,702.41	\$0.00	\$62,702.41
Nov-29	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dec-29	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Jan-30	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
Feb-30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mar-30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Apr-30	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
May-30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Jun-30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Jul-30	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
Aug-30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sep-30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Oct-30	\$0.00	\$0.00	\$62,702.38	\$0.00	\$62,702.38
Nov-30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dec-30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Jan-31	\$0.00	\$0.00	\$93,881.96	\$0.00	\$93,881.96
Feb-31	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mar-31	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Apr-31	\$0.00	\$0.00	\$93,881.96	\$0.00	\$93,881.96
May-31	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Jun-31	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Jul-31	\$0.00	\$0.00	\$93,881.96	\$0.00	\$93,881.96
Aug-31	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

**Premium Forecast for AGAP Life Insurance Policies -- To Age 100***Prepared by Track-Life LLC, Atlanta, GA, 4/19/16*

Insured	French	Ryan	Owens	Wilson	
Policy Anniversary	15-Aug	4-Sep	15-Jan	27-Dec	
AGAP Entity	109	209	309	509	<u>Monthly Totals</u>
<b>Mo/Yr</b>					
Sep-31	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Oct-31	\$0.00	\$0.00	\$93,881.96	\$0.00	\$93,881.96
Nov-31	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dec-31	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Totals</b>	<b>\$5,548,654.69</b>	<b>\$7,635,085.53</b>	<b>\$4,132,959.67</b>	<b>\$5,583,830.53</b>	<b>\$22,900,530.43</b>

*Note: Policy premiums are subject to annual review and adjustment.*

## **EXHIBIT 7**

**FIRST AMENDMENT  
TO  
LOAN AND SECURITY AGREEMENT**

THIS FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT (the "Amendment") is entered into as of July 3, 2015, by and between 3:10 CAPITAL INVESTMENTS, LP, a Texas limited partnership (together with its successors and assigns, "Lender"), and AGAP LS 409 LLC, a Nevada limited liability company ("Debtor").

**WITNESSETH**

**WHEREAS**, Lender and Debtor entered into that certain Loan and Security Agreement, dated as of July 3, 2015 (the "Loan Agreement");

**WHEREAS**, Lender and Debtor desire to amend the Loan Agreement as set forth in this Amendment (the Loan Agreement together with this Amendment, the "Agreement").

**NOW THEREFORE**, Lender and Debtor hereby agree as follows:

1. Defined terms used herein shall have the meanings ascribed thereto in the Loan Agreement.

2. Section 5.1 of the Loan Agreement is hereby amended by deleting the figure "\$500,000" therein and replacing it with "\$100,000".

3. Section 7 of the Loan Agreement is hereby amended by inserting, immediately after subsection 7(l) thereof, the following new subsections (m) and (n): deleted and replaced:

"(m) Upon the maturity of the Assigned Policy, Debtor shall pay or ensure the payment of a deferred origination fee equal to 2% of the death benefit of the Assigned Policy to the Lender or the Lender's designee. The Lender hereby designates its general partner, 3:10 Capital Management, LLC, or any successor thereto in such capacity, as the Lender's designee for such purpose.

(n) Upon the maturity of the Assigned Policy, Debtor shall pay or ensure the payment of a deferred maturity fee equal to 1% of the death benefit of the Assigned Policy to the Lender."

4. The Loan Agreement, as expressly amended and modified hereby, is hereby ratified and shall remain in full force and effect in all respects.

5. This Amendment may be executed by means of electronic signatures and in any number of counterparts, each of which shall be regarded as an original.

6. Each party hereto represents that the execution and delivery of this Amendment by such party and the consummation of the transactions contemplated by this Amendment by such party have been duly authorized by all necessary corporate action on the part of such party, and no other corporate proceedings on the part of such party are necessary to authorize this Amendment or to consummate the transactions contemplated hereby.

[Signature Page Follows]

**IN WITNESS WHEREOF**, the parties have executed this First Amendment to Loan and Security Agreement as of the date first above written.

**LENDER:**

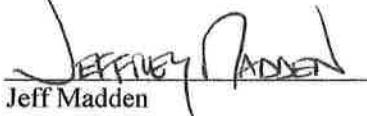
3:10 Capital Investments, LP

By: 3:10 Capital Management, LLC,  
Its General Partner

By:   
Rod Sanders  
Manager

**DEBTOR:**

AGAP LS 409 LLC

By:   
Jeff Madden  
Manager

## **EXHIBIT 8**

## AGAP LS 108 LLC

Total Policy death Benefit

\$2,000,000.00

<u>Investor Identifier</u>	<u>Amount</u>	<u>% of Total</u>
Inv. 1	\$29,000	1.45%
Inv. 2	\$37,903	1.90%
Inv. 3	\$391,030.62	19.55%
Inv. 4	\$130,380.92	6.52%
Inv. 5	\$65,190.47	3.26%
Inv. 6	\$47,670.22	2.38%
Inv. 7	\$118,736.39	5.94%
Inv. 8	\$117,955.44	5.90%
Inv. 9	\$88,557.50	4.43%
Inv. 10	\$157,572.06	7.88%
Inv. 11	\$72,497.60	3.62%
Inv. 12	\$38,267.30	1.91%
Inv. 13	\$8,191.18	0.41%
Inv. 14	\$122,621.37	6.13%
Inv. 15	\$5,932.22	0.30%
Inv. 16	\$138,789.75	6.94%
<b>Investor Total</b>	<b>\$1,570,296.04</b>	<b>78.51%</b>
<b>AGAP LO Creditor Class 3 claim</b>	<b>\$168,515.90</b>	<b>8.43%</b>
<b>Residual to Life Offerings</b>	<b>\$261,188.06</b>	<b>13.06%</b>
<b>Total Maturity Value</b>	<b>\$2,000,000.00</b>	<b>100.00%</b>

*Residual to Life Offerings includes the original residual (i.e., deferred compensation), plus unpaid premiums and admin fees unpaid by investors and accrued interest thereon.*

## AGAP LS 109 LLC

**Total Policy Death Benefit****\$5,000,000.00**

<u>Investor - Full Name</u>	<u>Amount</u>	<u>% of Total</u>
Inv. 1	\$172,283.22	3.45%
Inv. 2	\$214,646.22	4.29%
Inv. 3	\$185,291.18	3.71%
Inv. 4	\$125,193.72	2.50%
Inv. 5	\$66,407.79	1.33%
Inv. 6	\$63,196.01	1.26%
Inv. 7	\$77,699.69	1.55%
Inv. 8	\$77,748.10	1.55%
Inv. 9	\$35,370.54	0.71%
Inv. 10	\$77,583.89	1.55%
Inv. 11	\$349,999.46	7.00%
Inv. 12	\$6,122.52	0.12%
Inv. 13	\$66,766.68	1.34%
Inv. 14	\$289,618.89	5.79%
Inv. 15	\$6,613.19	0.13%
Inv. 16	\$72,673.04	1.45%
Inv. 17	\$85,378.78	1.71%
Inv. 18	\$65,639.89	1.31%
Inv. 19	\$12,500.11	0.25%
Inv. 20	\$76,477.18	1.53%
Inv. 21	\$30,064.98	0.60%
Inv. 22	\$41,463.45	0.83%
Inv. 23	\$125,290.81	2.51%
Inv. 24	\$170,282.51	3.41%
Inv. 25	\$96,108.00	1.92%
Inv. 26	\$81,439.13	1.63%
Inv. 27	\$10,763.94	0.22%
Inv. 28	\$80,096.87	1.60%
Inv. 29	\$253,621.62	5.07%
Inv. 30	\$380,432.42	7.61%
Inv. 31	\$62,645.40	1.25%
<b>Investor Total</b>	<b>\$3,459,419.23</b>	<b>69.19%</b>
<b>AGAP LO Creditor Class 3 claim</b>	<b>\$367,801.91</b>	<b>7.36%</b>
<b>Residual to Life Offerings</b>	<b>\$1,172,778.86</b>	<b>23.46%</b>
<b>Total Maturity Value</b>	<b>\$5,000,000.00</b>	<b>100.00%</b>

*Residual to Life Offerings includes the original residual (i.e., deferred compensation), plus unpaid premiums and admin fees unpaid by investors and accrued interest thereon.*

## AGAP LS 209 LLC

**Total Policy Death Benefit****\$5,000,000.00**

<u>Investor Identifier</u>	<u>Amount</u>	<u>% of Total</u>
Inv. 1	\$14,676.84	0.29%
Inv. 2	\$23,070.11	0.46%
Inv. 3	\$41,044.81	0.82%
Inv. 4	\$36,567.61	0.73%
Inv. 5	\$50,603.91	1.01%
Inv. 6	\$11,539.29	0.23%
Inv. 7	\$26,074.10	0.52%
Inv. 8	\$2,176,713.66	43.53%
Inv. 9	\$17,127.41	0.34%
Inv. 10	\$72,287.80	1.45%
Inv. 11	\$70,227.53	1.40%
Inv. 12	\$23,217.99	0.46%
Inv. 13	\$71,350.34	1.43%
Inv. 14	\$124,235.48	2.48%
Inv. 15	\$119,216.14	2.38%
Inv. 16	\$86,400.00	1.73%
Inv. 17	\$33,375.91	0.67%
Inv. 18	\$25,663.88	0.51%
Inv. 19	\$66,217.39	1.32%
Inv. 20	\$18,722.60	0.37%
Inv. 21	\$50,063.86	1.00%
Inv. 22	\$154,209.31	3.08%
Inv. 23	\$86,419.27	1.73%
Inv. 24	\$82,712.39	1.65%
Inv. 25	\$76,688.56	1.53%
Inv. 26	\$83,439.77	1.67%
Inv. 27	\$28,318.34	0.57%
Inv. 28	\$76,688.56	1.53%
Inv. 29	\$366,905.82	7.34%
Inv. 30	\$148,270.18	2.97%
Inv. 31	\$68,668.12	1.37%
Inv. 32	\$63,579.93	1.27%
Inv. 33	\$20,372.84	0.41%
Inv. 34	\$62,102.88	1.24%
Inv. 35	\$17,128.00	0.34%
<b>Investor Total</b>	<b>\$4,493,900.63</b>	<b>89.88%</b>
<b>AGAP LO Creditor Class 3 claim</b>	<b>\$5,682.59</b>	<b>0.11%</b>
<b>Residual to Life Offerings</b>	<b>\$500,416.78</b>	<b>10.01%</b>
<b>Total Maturity Value</b>	<b>\$5,000,000.00</b>	<b>100.00%</b>

*Residual to Life Offerings includes the original residual (i.e., deferred compensation), plus unpaid premiums and admin fees unpaid by investors and accrued interest thereon.*

## AGAP LS 309 LLC

## Total Policy Death Benefit

\$5,000,000.00

<u>Investor Identifier</u>	<u>Amount</u>	<u>% of Total</u>
Inv. 1	\$169,180.97	3.38%
Inv. 2	\$590,786.67	11.82%
Inv. 3	\$23,821.74	0.48%
Inv. 4	\$43,119.76	0.86%
Inv. 5	\$164,167.09	3.28%
Inv. 6	\$177,000	3.54%
Inv. 7	\$193,494.76	3.87%
Inv. 8	\$37,242.11	0.74%
Inv. 9	\$53,031	1.06%
Inv. 10	\$354,000	7.08%
Inv. 11	\$26,717.38	0.53%
Inv. 12	\$44,192.50	0.88%
Inv. 13	\$140,209.59	2.80%
Inv. 14	\$43,848.55	0.88%
Inv. 15	\$32,172.35	0.64%
Inv. 16	\$40,379.79	0.81%
Inv. 17	\$131,550	2.63%
Inv. 18	\$23,785.86	0.48%
Inv. 19	\$55,772.31	1.12%
Inv. 20	\$80,580.47	1.61%
Inv. 21	\$125,026.66	2.50%
Inv. 22	\$89,200	1.78%
Inv. 23	\$17,510.52	0.35%
Inv. 24	\$26,513.34	0.53%
Inv. 25	\$68,336.19	1.37%
Inv. 26	\$19,461.93	0.39%
Inv. 27	\$159,206.82	3.18%
Inv. 28	\$88,118.46	1.76%
Inv. 29	\$160,116.39	3.20%
Inv. 30	\$29,233.34	0.58%
Inv. 31	\$270,168.53	5.40%
Inv. 32	\$85,157.82	1.70%
Inv. 33	\$37,071	0.74%
Inv. 34	\$87,700	1.75%
Inv. 35	\$48,848.90	0.98%
Inv. 36	\$24,061.21	0.48%
Inv. 37	\$22,498.22	0.45%
Inv. 38	\$15,654.45	0.31%
Inv. 39	\$66,085.10	1.32%
Inv. 40	\$21,265.57	0.43%
Inv. 41	\$63,163	1.26%
Inv. 42	\$64,604.78	1.29%

Inv. 43	\$92,073.90	1.84%
Inv. 44	\$212,952.81	4.26%
Inv. 45	\$144,992.51	2.90%
Inv. 46	\$47,908.56	0.96%
<b>Investor Total</b>	<b>\$4,511,982.91</b>	<b>90.24%</b>
<b>AGAP LO Creditor Class 3 claim</b>	<b>\$7,511.62</b>	<b>0.15%</b>
<b>Residual to Life Offerings</b>	<b>\$480,505.47</b>	<b>9.61%</b>
<b>Total Maturity Value</b>	<b>\$5,000,000.00</b>	<b>100.00%</b>

*Residual to Life Offerings includes the original residual (i.e., deferred compensation), plus unpaid premiums and admin fees unpaid by investors and accrued interest thereon.*

## AGAP LS 509 LLC

Total Policy Death Benefit

**\$3,750,000.00**

<b><u>Investor - Full Name</u></b>	<b><u>Amount</u></b>	<b><u>% of Total</u></b>
Inv. 1	\$44,207.71	1.18%
Inv. 2	\$168,309.07	4.49%
Inv. 3	\$188,200.00	5.02%
Inv. 4	\$40,079.62	1.07%
Inv. 5	\$29,189.73	0.78%
Inv. 6	\$37,546.00	1.00%
Inv. 7	\$28,061.72	0.75%
Inv. 8	\$20,197.10	0.54%
Inv. 9	\$646,408.02	17.24%
Inv. 10	\$26,465.82	0.71%
Inv. 11	\$46,932.50	1.25%
Inv. 12	\$247,481.04	6.60%
Inv. 13	\$82,534.55	2.20%
Inv. 14	\$48,649.28	1.30%
Inv. 15	\$46,590.00	1.24%
Inv. 16	\$20,530.48	0.55%
Inv. 17	\$24,972.23	0.67%
Inv. 18	\$131,937.64	3.52%
Inv. 19	\$66,360.00	1.77%
Inv. 20	\$28,156.52	0.75%
Inv. 21	\$94,023.57	2.51%
Inv. 22	\$80,111.52	2.14%
Inv. 23	\$88,567.96	2.36%
Inv. 24	\$169,201.88	4.51%
Inv. 25	\$66,381.12	1.77%
Inv. 26	\$37,272.00	0.99%
Inv. 27	\$135,161.60	3.60%
Inv. 28	\$89,796.04	2.39%
Inv. 29	\$31,015.52	0.83%
Inv. 30	\$11,181.60	0.30%
Inv. 31	\$41,267.26	1.10%
Inv. 32	\$23,466.25	0.63%
Inv. 33	\$91,541.48	2.44%
Inv. 34	\$89,576.40	2.39%
Inv. 35	\$67,858.89	1.81%
Inv. 36	\$25,990.39	0.69%
Inv. 37	\$136,227.29	3.63%
Inv. 38	\$34,426.15	0.92%
<b>Investor Total</b>	<b>\$2,750,282.10</b>	<b>73.34%</b>
<b>AGAP LO Creditor Class 3 claim</b>	<b>\$6,047.45</b>	<b>0.16%</b>
<b>Residual to Life Offerings</b>	<b>\$993,670.45</b>	<b>26.50%</b>
<b>Total Maturity Value</b>	<b>\$3,750,000.00</b>	<b>100.00%</b>

*Residual to Life Offerings includes the original residual (i.e., deferred compensation), plus unpaid premiums and admin fees unpaid by investors and accrued interest thereon.*

## **EXHIBIT 9**

AGAP Entity >>>	108	109	209	309	509	Life Offerings	Totals
<b>Policy Face Value</b>	<b>2,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>3,750,000</b>	-	<b>20,750,000</b>
Administrative Claims:							
-DIP Loans from AGAP 409	-	(266,624)	(184,972)	(150,878)	(63,032)		(665,507)
-Professional Fees						(100,000)	(100,000)
AGAP 409 Unsecured Claim	(96,519)	(265,000)	(140,000)	(171,525)	(159,726)		(832,770)
3:10 Investments Unsecured Claim	(21,490)	(47,812)	(870)	(1,073)	(846)		(72,090)
Life Offerings Unsecured Claims:							
- Prepetition	(168,516)	(367,802)	(5,683)	(7,512)	(6,047)	555,559	-
- Less: Receivables Offset			115,962	67,720	75,079	(258,760)	-
- Deferred Compensation	(204,920)	(849,208)	(316,208)	(377,054)	(312,978)	2,060,368	-
- Adjust Deferred Compensation		849,208				(849,208)	-
<b>Total Claims</b>	<b>(491,444)</b>	<b>(947,238)</b>	<b>(531,771)</b>	<b>(640,322)</b>	<b>(467,551)</b>	<b>1,407,959</b>	<b>(1,670,367)</b>
<b>Available to General Unsecured</b>	<b>1,508,556</b>	<b>4,052,762</b>	<b>4,468,229</b>	<b>4,359,678</b>	<b>3,282,449</b>	<b>1,407,959</b>	<b>19,079,633</b>
<b>General Unsecured Creditors</b>	<b>(1,570,296)</b>	<b>(3,459,389)</b>	<b>(4,493,901)</b>	<b>(4,511,983)</b>	<b>(3,285,926)</b>	<b>(516,268)</b>	<b>(17,837,763)</b>
<b>Net Totals</b>	<b>(61,740)</b>	<b>593,373</b>	<b>(25,671)</b>	<b>(152,305)</b>	<b>(3,477)</b>	<b>891,691</b>	<b>1,241,870</b>

**Summary for Life Offerings :**

<b>Net Totals (from above)</b>		<b>891,691</b>
Add: Deferred Compensation due from 409 **	(** After payment of claims due to 409 from Debtor entities of \$1,498,277, excluding interest - see table above )	136,605
<b>Net Totals to Life Offerings, after payment of claims</b>		<b>1,028,296</b>

**Split of Net Totals to Life Offerings, per Plan:**

To Investors that Opted Out	75%	771,222
To Members of Life Offerings (Jeff and Chuck Madden)	25%	257,074