

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, MAY 6, 2010

CLERK OF COURSE

2010 MAY -6 A 8:18

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COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2010-00020

LIFE PARTNERS, INC.,  
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Life Partners, Inc., ("LPI") violated § 13.1-507 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia when LPI failed to register its securities with the State Corporation Commission's ("Commission") Division.

The Commission is authorized by § 13.1-506 of the Act to revoke the Defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order the Defendant to make rescission and restitution, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

LPI neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, LPI has made an offer of settlement to the Commission wherein LPI will abide by and comply with the following terms and undertakings:

(1) LPI will pay to the Treasurer of Virginia the amount of One Hundred Fifty Thousand Dollars (\$150,000) pursuant to § 12.1-15 of the Code of Virginia.

(2) LPI will pay to the Commission the amount of Twenty Thousand Dollars (\$20,000) to defray the cost of investigation pursuant to § 13.1-518 of the Act.

(3) LPI will make an offer of rescission to certain Virginia investors prior to the entry of this Settlement Order.

(4) LPI agrees to provide disclosure attached as Exhibit A to prospective viatical and life settlement purchasers in the Commonwealth of Virginia. Exhibit A will be updated at least annually, no later than January 15 of each year. As long as LPI continues to offer and sell viatical and life settlement investments to Virginia investors who meet the then current definition of accredited investor and maintains its exemption filings in good order, LPI's transactions are exempt from the registration requirements of § 13.1-507 of the Act and the registration requirements under § 13.1-504 A and B of the Act.

(5) LPI will comply with the Act and with the regulations adopted by the Commission.

(6) The case is dismissed and the papers herein shall be placed in the file for ended causes.

(7) Dismissal of this case does not relieve LPI from its reporting obligations to any regulatory authority.

Accordingly, IT IS ORDERED THAT:

(1) The offer of LPI in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) LPI fully comply with the aforesaid terms and undertakings of this settlement; and

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of LPI's failure to comply with the terms and undertakings of the settlement.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission, by first class mail to: Lee E. Goodman, Esquire, LeClair Ryan, 1101 Connecticut Avenue, N.W., Suite 600, Washington, D.C. 20036; and a copy shall be delivered to the Commission's Office of General Counsel and the Division of Securities and Retail Franchising.

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Defendant

ADMISSION AND CONSENT

Life Partners, Inc. ("LPI"), admits to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof and, neither admitting nor denying the allegations made herein by the Division of Securities and Retail Franchising, hereby consents to the form, substance and entry of the foregoing Settlement Order.

LPI further states that no offer, tender, threat or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent or representative thereof in consideration of the foregoing Settlement Order.

Dated this 27 day of April, 2010.

Life Partners, Inc.

By: \_\_\_\_\_

Title: President/General Counsel

Dated this 28th day of April, 2010.

Seen and approved by:

Lee E Goodman

Lee E. Goodman, Esquire  
LeClair Ryan

**EXHIBIT****-SAMPLE DISCLOSURE FOR TRANSACTIONS IN VIRGINIA-****Required Life Settlement Disclosures for Transactions in Virginia**

The Virginia State Corporation Commission requires the following disclosures be made to investors prior to investing in life [or viatical] settlements in Virginia. Please read the below disclosures carefully before making an investment decision. The information provided in this disclosure document is based upon Life Partners, Inc. records of life settlement policies purchased from January 1, 2004 to December 31, 2009.

This disclosure document provides historical life settlement policy maturity and premium data for life settlement policies actually purchased utilizing Life Partners, Inc.'s purchasing service. **Past performance does not guarantee future results.**

Average Time for Mature/Paid Policies to Reach Maturity: X.Y years

Number of LPI Contracts That Required Purchaser to Pay Additional Premiums Over the Amount Escrowed at Time of Purchase: XX (X% of LPI Contracts)

Average Amount of Additional Premiums Paid Over the Amount Escrowed at Time of Purchase: \$XX

Average Number of Years Additional Premiums Were Paid Beyond the Amount Escrowed at Time of Purchase: X.Y years

