



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:

PERSONAL CHOICE OPPORTUNITIES)

a/k/a PCO, Inc.)
c/o Receiver)
1888 Century Park East, Suite 1750)
Los Angeles, California 90067;)

DAVID W. LAING)
Chief Executive Officer of PCO, Inc.)
1949 E. Cerritos Drive)
Palm Springs, California 92262;)

NEXT CENTURY, INC.)
931 N. La Cienega)
Los Angeles, California 90069;)

SENIOR RESOURCE SERVICES)
1913 E. Seminole)
Springfield, Missouri 65804;)

JAMES A. MARSHALL)
2230 East Raynell)
Springfield, Missouri 65804;)

CHARLES M. MCLAUGHLIN)
3080 E. Sunset)
Springfield, Missouri 65804;)

GEORGE WILLIAM "BILL" HULL)
d/b/a Bill Hull Insurance Agency)
2200 E. Sunshine, Ste. 308)
Springfield, Missouri 65804;)

ORDER TO CEASE & DESIST

Order No. CD-98-58

JAMES R. WILLMAN)
 d/b/a Jim Willman Agency)
 3550 McKelvey, Suite 202)
 Bridgeton, Missouri 63044; and)
)
 KURT A. BARWICK)
 d/b/a R & D Marketing)
 3042 Brentmoor Drive)
 Arnold, Missouri 63010,)
)
 Respondents.)

Respondents offered and sold more than 70 Missouri residents almost four million dollars in "investment opportunities" that promised annual returns of 21-25%. Missouri residents were told that their money would be used by Personal Choice Opportunities (PCO) to purchase life insurance policies from terminally ill individuals. PCO and David W. Laing, PCO's chief executive officer, have been indicted for conspiracy to commit mail and wire fraud and PCO has been placed under the control of a court-appointed receiver. To date, no evidence has been found to indicate that PCO or Laing purchased any life insurance policies with the funds invested by Missouri residents.

The Missouri Commissioner of Securities is empowered to issue such orders as are necessary to protect the public interest. Section 409.408, RSMo 1994.

The Commissioner has received a Petition for a Cease and Desist Order and issues the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1. Personal Choice Opportunities, a/k/a PCO, Inc. ("PCO"), was a California entity with an address of 707 East Tahquitz Canyon Way, Suite 9, Palm Springs, California 92262. PCO has been placed under a court-ordered receiver, Barry A. Fisher, who has an address of 1888 Century Park East, Suite 1750, Los Angeles, California 90067.
2. David W. Laing was the chief executive officer of PCO and has a last-known address of 1949 E. Cerritos Drive, Palm Springs, California 92262.
3. Next Century, Inc. is a California corporation with an address of 931 N. La Cienega, Los Angeles, California 90069.

4. Senior Resource Services ("SRS") is a Missouri limited liability company with an address of 1913 E. Seminole, Springfield, Missouri 65804.
5. James A. Marshall is an owner and organizer of SRS and has an address of 2230 East Raynell, Springfield, Missouri 65804.
6. Charles M. McLaughlin is an owner and organizer of SRS and has an address of 3080 E. Sunset, Springfield, Missouri 65804.
7. George William "Bill" Hull, d/b/a Bill Hull Insurance Agency, has an address of 2200 E. Sunshine, Ste. 308, Springfield, Missouri 65804.
8. James R. Willman, d/b/a Jim Willman Agency, has an address of 3550 McKelvey, Suite 202, Bridgeton, Missouri 63044.
9. Kurt A. Barwick, d/b/a R & D Marketing, has an address of 3042 Brentmoor Drive, Arnold, Missouri 63010.
10. As used in this Cease and Desist Order, the term "Respondents" refers to PCO, Laing, Next Century, SRS, Marshall, McLaughlin, Hull, Willman and Barwick.

SRS, MARSHALL AND MCLAUGHLIN

11. On or about February 17, 1997, a Missouri resident ("MR1") received a brochure through the U.S. Mail from SRS, Marshall and McLaughlin. This brochure, entitled "Investment Opportunity," attached hereto as Exhibit A, indicated that it was provided to MR1 on the behalf of Next Century, Inc.
12. The brochure offered potential investors the opportunity to participate in a loan transaction to purchase life insurance policies and stated in part as follows:

"Next Century is seeking capital lenders for PCO to purchase paid-up, group life policies for insurance buy out.

1. The term of the loan is 12 months from deposit of funds with a rate of return of 25% per annum. Interest is paid semi-annually.
2. A loan agreement is signed, the transaction is consummated by a deposit of Lender's funds into the Escrow Plus account held in a major U.S. Bank. Escrow Plus holds in reserve the Lender's first 12.5% interest payment.
3. No funds can be released from the escrow before the following seven documents are received by escrow: 1) verification of insurance policy face

value, 2) irrevocable change of beneficiary, 3) confirmation of medical records and diagnosis, 4) signed seller agreement, 5) signed loan agreement, 6) escrow instruction, 7) authorization for insurance company to send beneficiary funds to escrow.

4. All payments to the Lender are disbursed directly from the escrow. At the end of six months, Lender receives 12.5% interest payment. At the end of twelve months, the original principal plus a second interest payment is [sic] of 12.5% is received.
5. Lender can choose to roll over the principal or principal and interest for a second loan term.

. . .Next Century has chosen PCO as its life insurance buy-out company because they meet our strict purchases and escrow requirements.

. . .PCO buys paid-up, group policies from the top 25 U.S. Insurance carriers rated by Standard and Poor's.

. . .A Lender is secure with Next Century for the following reasons:

Next Century has required that all policies purchased by PCO are held in a \$5 million bonded escrow account as collateral for Lender's principal.

Next Century has protected the Lender by requiring PCO to authorize the insurance carrier to send beneficiary proceeds directly to the escrow to ensure payment of principal and interest.

Next Century has required that PCO only purchase group life insurance policies. This is a more secure base since the employer pays all premiums when a person goes on disability. . . .

Next Century does not tie a Lender into any one specific policy. Lender's funds are returned from a pool of policies which ensures the Lender payoff at the end of the 12 month term of the loan. . . .

. . .The advantage is that payoff of the loan is guaranteed since the Lender does not have to wait for one single policyholder to expire.

Next Century sellers are under hospice, hospital or daily nursing care. PCO has certified that, to date, the average expiration time of sellers is 5.4 months.

The terminally ill and their care givers [sic] grapple with tremendous emotional issues as well as the final strain of long-term, costly medical treatment. Experts applaud the flexibility of the insurance benefit buy out. For the sellers, who have probably lost their jobs and their savings, this money can make their final days ones of comfort and security. For the buyers, the insurance buy out addresses a long overlooked problem of the dying while providing a practical, humanitarian solution."

13. On or about February 20, 1997, a Missouri resident ("MR2") observed an advertisement posted on the SRS office building located at 1913 E. Seminole, Springfield, Missouri, that offered a 21%, one-year return on investment.
14. On or about March 20, 1997, MR2 telephoned SRS and spoke with Marshall.
15. During the March 20, 1997 telephone conversation, Marshall told MR2 that:
 - a. Both Marshall and his partner Mike McLaughlin were licensed;
 - b. Marshall and McLaughlin were in the business of protecting elderly clients and did not market risky investments;
 - c. Approximately four months prior, SRS was approached by David Laing of PCO about marketing viatical settlement contracts;
 - d. Laing started the PCO program in 1992 and opened it up this past summer due to Laing's great need for funds;
 - e. The funds go into an escrow account at Escrow Plus in California;
 - f. Investors are not buying one person's insurance contract, but the money is pooled and goes out to purchase several policies;
 - g. On a scale of 1 to 10, with 1 being a CD and 10 being junk bonds, Marshall would rate this investment a 1 or 1 ½;
 - h. The only way this investment would not work is if the insurance companies did not pay the claims or if "all of the people in the program don't die;"
 - i. The average length of time a person lives after selling their insurance policy to PCO is 5.4 months;
 - j. "We are giving our marketing person access to \$2 million a day now and they are only working in two states;"

- k. There are trillions of dollars in group term life insurance out there; and
 - l. SRS didn't solicit terminally ill people to sell their insurance contracts. They are all referred by hospice, home health care organizations, doctors and "that sort of thing."
16. SRS, Marshall and McLaughlin sold these "investment opportunities" to at least nine Missouri residents, with a total amount invested of approximately \$488,000.
 17. On or about March 13, 1997, the Missouri Securities Division received information indicating that SRS, Marshall and McLaughlin may have engaged in the offer and sale of unregistered securities in the State of Missouri.
 18. On April 15, 1997, the Division sent a letter of inquiry to SRS, Marshall and McLaughlin. This letter of inquiry requested information about the above-addressed offers and sales of securities and required a written statement of claim of exemption or exception from definition upon which SRS, Marshall and McLaughlin were relying.
 19. On or about May 6, 1997, the Division received correspondence from counsel for Marshall and McLaughlin stating that Marshall and McLaughlin were principals in SRS and that they were "no longer associated in any way with Personal Choice Opportunities."
 20. On or about May 12, 1997, the Division sent a deficiency notice to counsel for Marshall and McLaughlin requesting pertinent information and requiring a response no later than May 27, 1997.
 21. On or about May 27, 1997, the Division received correspondence from SRS signed by Marshall and McLaughlin.
 22. This correspondence stated in part as follows:

"We first heard of PCO in an advertisement in the Wall Street Journal. We contacted Next Century, the marketing firm for PCO. Our due diligence consisted of conversations with the Sec. Of State's office in California, the Better Business Bureau, and the Burbank Chamber of Commerce. We called The Bank of America and several personal references on David Laing. . . .Every source we contacted had absolutely no negative information on Mr. Laing or PCO.

Our relationship with PCO began in December 1996 and ended when we became aware of the current investigation in April 1997.

We are currently working with Mr. Barry Fisher who has been appointed receiver. Our efforts now are to help in the recovery of our lender's funds."

HULL

23. On or about March 12, 1997, a Missouri resident ("MR3") was approached by Hull about making a loan to PCO for the purchase of life insurance policy benefits of terminally ill individuals. MR3 was told that MR3 could earn 25% interest annually in such an investment.
24. During this March 12, 1997 meeting, Hull advised MR3 that this was an absolute "no risk, 100% good" investment and provided MR3 with copies of the following documents:
 - A. IRA Escrow Agreement (a redacted copy of which is attached hereto and made a part hereof as Exhibit B);
 - B. Deposit Receipt and Instructions (a redacted copy of which is attached hereto and made a part hereof as Exhibit C);
 - C. Lender Agreement (a redacted copy of which is attached hereto and made a part hereof as Exhibit D); and
 - D. PCO, Inc. Acknowledgment and Receipt (a redacted copy of which is attached hereto and made a part hereof as Exhibit E).
25. PCO's Deposit Receipt and Instructions form attached as Exhibit C states in pertinent part as follows:

"The purpose of this. . .is to document the receipt of loan funds and the treatment thereof. . .for the sole and express purpose of purchasing viaticated life insurance policies. . . .

III. LOAN TERM/INTEREST: The term of the loan, calculation of interest, and due date shall be one year from the time Escrow Holder receipts the loan funds into its account. Interest shall be simple interest calculated on the annual rate of return of Twenty Five percent (25%). . . .

IV. RECEIPT OF FUNDS FROM INSURANCE CARRIER: David Laing, on behalf of PCO, has irrevocably authorized the insurance carrier to send to Escrow Holder all beneficiary proceeds which are due to David Laing as the designated irrevocable beneficiary of the policies.

V. DISTRIBUTION OF FUNDS:

- (1) To Lender: At the end of the sixth month, the Escrow officer will disburse an interest payment of twelve and one half percent (12.5%) directly to Lender's non-discretionary custodian. . . . At the end of the twelfth month, the officer will disburse a payment of Lender's principal plus interest of twelve and one half percent (12.5%) directly to Lender's non-discretionary custodian. . . .
- (2) First Interest Payment: Once PCO delivers the documents required . . . the Escrow Holder is instructed to reserve a sum equal to the first interest payment of 12.5% for the benefit of Lender.
- (3) To Next Century: The Escrow Holder is instructed to pay to Next Century, and as it directs, commission pursuant to the Agreement entered into between PCO and Next Century and pursuant to agreements entered into by Next Century and any of its Representatives. A copy of the agreement between PCO and Next Century, in which PCO grants Next Century its exclusive world-wide representation, has been deposited with and made a part of the subject escrow.
- (4) To PCO: After receipt and certification of the documents required . . . herein, Escrow Holder may disburse Seventy and one half percent (70.5%) of Lender's loan funds to PCO. The policy face value used as collateral for Lender's loan must be equal to or greater than one hundred percent (100%) of Lender's loan deposit. . . .
- (5) Further Disbursement: Further disbursement from the Escrow shall be made only for the purchase of additional policies by PCO or payment of commissions as described above. . . ."

26. PCO's Lender Agreement attached as Exhibit D states in pertinent part as follows:

"WHEREAS, PCO is in the business of purchasing group life insurance policies from insured who are persons suffering from terminal illness and have six months or less to live, and in connection with said purchase, PCO insures that said policies are held in escrow as collateral for the Lender and the beneficiary proceeds from said policies are sent directly to the escrow upon the death of the insured(s);

WHEREAS, Lender has agreed to loan money to PCO for the purpose of carrying out its business. . . ."

27. As a result of the information provided by Hull, MR3 agreed to transfer \$35,000 from an IRA account to PCO for investment in the PCO program. MR3 signed a Transfer Request form that Hull later completed by entering an amount of \$55,168.29 to be transferred from MR3's IRA account.
28. On March 12, 1997, \$55,168.29 was transferred to PCO from MR3's IRA account.

29. On or about April 16, 1997, MR3 received correspondence from the trust company handling MR3's IRA account which stated in part as follows:

“ . . . We completed your investment instructions, and the funds were sent to . . . (the escrow agent for PCO). We received notification late in the afternoon on Tuesday, April 8th, from the FBI office in New York that the assets in the Escrow account had been frozen. We also received a copy of a Complaint filed against the principals of PCO The complaint charges them with Conspiracy to Commit Mail and Wire Fraud. . . .”

30. On or about March 24, 1997, another Missouri resident (“MR4”) was approached by Hull about making a loan to PCO for the purchase of life insurance policy benefits of terminally ill individuals. Hull told MR4 that MR4 could earn 25% interest on a one-year contract, paid semi-annually at 12.5%.
31. During this March 24, 1997 meeting, Hull provided MR4 with the documents described in paragraph 24 above.
32. On March 24, 1997, as a result of the information provided by Hull, MR4 invested \$25,000 in the PCO lending program.
33. Hull sold these “investment opportunities” to at least thirteen Missouri residents, with a total amount invested of approximately \$707,000.

WILLMAN

34. On or about January 21, 1997, a Missouri resident (“MR5”) was approached by Willman about making a loan to PCO for the purchase of life insurance policy benefits of terminally ill individuals. Willman told MR5 that MR5 could earn 25% interest annually on this investment.
35. Willman provided MR5 copies of the PCO documents described in paragraph 24 above.
36. On or about January 21, 1997, as a result of the information provided by Willman, MR5 invested \$84,355.71 in the PCO lending program.
37. Willman sold these “investment opportunities” to at least 30 Missouri residents, with a total amount invested of approximately \$1,794,000.

BARWICK

38. On or about February 25, 1997, a Missouri resident (“MR6”) was approached by Barwick about making a loan to PCO for the purchase of life insurance policy

benefits of terminally ill individuals. Barwick told MR6 that MR6 could earn 25% interest annually on this investment.

39. Barwick provided MR6 copies of the PCO documents described in paragraph 24 above.
40. On or about February 25, 1997, as a result of the information provided by Barwick, MR6 invested \$48,000 in the PCO lending program.
41. Barwick sold these "investment opportunities" to at least 12 Missouri residents, with a total amount invested of approximately \$615,000.

ACTIONS BY THE DIVISION

42. On or about April 25, 1997, the Division received a copy of the criminal complaint, filed April 2, 1997, in the case of United States v. David W. Laing, et al., in the Southern District of New York. This complaint alleged, among other things, that "[n]o life insurance benefits have been received or deposited in the PCO Loan Program Escrow Account at any time."
43. On or about June 2, 1997, the Division anonymously received a copy of a general electronic mail message dated May 6, 1997, from Barry A. Fisher, court approved receiver to PCO investors and brokers. (Copy attached hereto as Exhibit F).
44. This May 6, 1997 electronic mail message was posted on America Online on May 6, 1997 and read in part as follows:

". . . As you may know, this matter [PCO] is now the subject of a fraud prosecution in the federal court in New York City (United States v. Laing (S.D.N.Y. Case 97 MAG 0638). . . Those prosecuted at this time are PCO head David W. Laing. . . I am informed that, in fact, there were no life insurance policies backing your investment. . . ."
45. On or about June 24, 1997, the Division sent a letter of inquiry via facsimile to the court-appointed receiver for PCO. This letter of inquiry requested information about the above-described offer and sale of securities, requesting a response on or before July 24, 1997.
46. On June 24, 1997, the Division sent a letter of inquiry, via certified mail, to Next Century. This letter of inquiry requested information about the above-described offer and sale of securities, requesting a response on or before July 24, 1997.
47. The June 24, 1997 letter of inquiry to Next Century was returned to the Division, marked "unclaimed."

48. On or about May 12, 1998, the Division received correspondence from the California Department of Corporations Senior Trial Counsel (a copy of which is attached as Exhibit G), which states in part as follows:

“The California Department of Corporations initiated a public action as against Next Century, Inc. . . . [and] PCO, Inc., as a result of their offers and sales allegedly secured by viatical agreements and violations of Desist & Refrain Orders issued by the Department. This is a civil action in which Barry A. Fisher is the Court-Appointed Receiver. . . . Mr. Fisher has been amassing the assets in this matter, with a total available in cash of nearly \$60,000,000.

We are sending you copies of the investment documents from residents of your state. . . .”

49. The information received on May 12, 1998, from the California Department of Corporations, identifies 73 Missouri investors in PCO, investing a total of approximately \$3,870,851.63.
50. In connection with the offer and sale of the above-mentioned securities, Respondents omitted to state the following material facts:
- a. That Next Century and SRS are not registered as a brokers-dealers in the State of Missouri;
 - b. That Marshall, McLaughlin, Hull, Willman and Barwick are not registered to sell securities in the State of Missouri; and
 - c. That the securities sold by Respondents are not registered in the State of Missouri.
51. In connection with the offer and sale of the above-mentioned securities to Missouri residents, Respondents misrepresented the following material facts:
- a. That PCO would use investors' money to purchase life insurance policies from terminally-ill patients;
 - b. That investors would receive 21% to 25% interest per annum;
 - c. That at the end of six months investors would receive 12.5% interest; and
 - d. That at the end of 12 months, the original principal plus a second interest payment of 12.5% would be made to the investor.

52. In connection with the offer and sale of the above-mentioned securities, Next Century misrepresented the following additional material facts:
- a. That PCO buys paid-up, group policies from the top 25 U.S. Insurance carriers rated by Standard & Poor's;
 - b. That Next Century chose PCO as its life insurance buy-out company because it met strict purchase and escrow requirements;
 - c. That investors' funds are returned from a pool of policies which ensures payoff at the end of the 12 month term of the loan;
 - d. That the payoff is guaranteed since the investor does not have to wait for a single policyholder to expire; and
 - e. That PCO had certified that the average expiration time of sellers was 5.4 months.
53. In connection with the offer and sale of the above-mentioned securities, SRS and Marshall misrepresented the following additional material facts:
- a. That SRS was in the business of protecting elderly clients and did not market risky investments;
 - b. That investors' money was pooled and went to purchase several policies;
 - c. That on a scale of 1 to 10, with 1 being a CD and 10 being junk bonds, this investment would be rated as a 1 or 1 ½; and
 - d. That the only way this investment could fail would be if the insurance companies did not pay on the claims or if "all of the people in the program don't die."
54. In connection with the offer and sale of the above-mentioned securities, Hull misrepresented the material fact that this was an absolute "no risk, 100% good" investment.
55. This Order is in the public interest.

CONCLUSIONS OF LAW

1. The loan opportunities offered and sold by Respondents constitute investment contracts and/or evidences of indebtedness.

2. A security is defined as “. . . any note; stock; treasury stock; bond; debenture; **evidence of indebtedness**; certificate of interest or participation in any profit-sharing agreement; collateral-trust certificate; preorganization certificate or subscription; transferable share; **investment contract**; limited partnership interest; voting-trust certificate; certificate of deposit for a security; [or] certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease[.]” (Emphasis added). Section 409.401, RSMo Cumulative Supp. 1997.

The loan opportunities offered and sold by Respondents constitute securities.

3. It is unlawful for any person to transact business in this State as a broker-dealer unless he is registered as a broker-dealer under Sections 409.101 to 409.419. Section 409.201(a), RSMo Cumulative Supp. 1997.

Next Century and SRS' actions described in the Section entitled "Findings of Fact" constitute violations of Section 409.201(a), RSMo Cumulative Supp. 1997.

4. It is unlawful for any person to transact business in this State as an agent unless he is registered as an agent under Sections 409.101 to 409.419. Section 409.201(a), RSMo Cumulative Supp. 1997.

Marshall, McLaughlin, Hull, Willman and Barwick's actions described in the Section entitled "Findings of Fact" constitute violations of Section 409.201(a), RSMo Cumulative Supp. 1997.

5. "It is unlawful for any person to offer or sell any security in this state unless (1) it is registered under this act; (2) the security or transaction is exempted under section 409.402; or (3) it is a federal covered security." Section 409.301, RSMo Cumulative Supp. 1997.

Respondents' offer and sale of unregistered securities, as described in the above "Findings of Fact," constitute illegal practices under Section 409.301, RSMo Cumulative Supp. 1997.

6. "It is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly

(1) to employ any device, scheme, or artifice to defraud,

- (2) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or
- (3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person." Section 409.101, RSMo 1994.

Respondents' omissions of material facts in connection with the offer and sale of securities, as described in the above "Findings of Fact," constitute fraudulent, and thus illegal, practices under Section 409.101, RSMo 1994.

Respondents' misrepresentations of material facts in connection with the offer and sale of securities, as described in the above "Findings of Fact," constitute fraudulent, and thus illegal, practices under Section 409.101, RSMo 1994.

- 7. The Commissioner may, if he believes from the evidence satisfactory to him that a person is engaged or about to engage in any fraudulent or illegal practice or transaction, issue an order prohibiting such person from engaging in or continuing such fraudulent or illegal practice. Section 409.408(b), RSMo 1994.

Transacting business as an unregistered broker-dealer constitutes a fraudulent or illegal practice under the statute.

Transacting business as an unregistered agent constitutes a fraudulent or illegal practice under the statute.

Selling an unregistered security constitutes a fraudulent or illegal practice under the statute.

Omitting to disclose a material fact in connection with the offer and sale of securities constitutes a fraudulent and thus illegal practice under the statute.

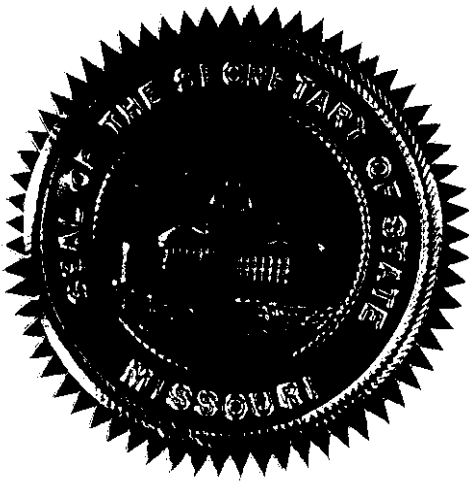
Misrepresenting a material fact in connection with the offer and sale of securities constitutes a fraudulent and thus illegal practice under the statute.

- 8. Sufficient evidence exists to conclude that Respondents have engaged in willful violations of Sections 409.101, RSMo 1994, and 409.201 and 409.301, RSMo Cumulative Supp. 1997.

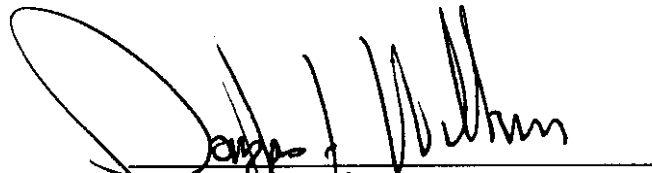
NOW, THEREFORE, the Commissioner of Securities Orders that Personal Choice Opportunities, a/k/a PCO, Inc., David W. Laing, Next Century, Inc., Senior Resource Services, James A. Marshall, Charles M. McLaughlin, George William "Bill" Hull, James R. Willman and Kurt A. Barwick, their agents, employees and servants CEASE AND DESIST the offer and sale of securities in violation of Sections 409.101, RSMo 1994, and 409.201 and 409.301, RSMo Cumulative Supp. 1997.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 22 DAY OF October, 1998.



REBECCA MCDOWELL COOK
SECRETARY OF STATE


DOUGLAS F. WILBURN
COMMISSIONER OF SECURITIES

NOTICE:

Respondents and any unnamed representatives aggrieved by this Order may request a hearing in this matter by sending such request in writing to Douglas F. Wilburn, Commissioner of Securities, Office of the Secretary of State, Missouri State Information Center, Room 229, 600 West Main Street, Jefferson City, Missouri 65101, pursuant to Section 409.412(a), RSMo 1994, and MO 15 CSR 30-55.020, within thirty days of the receipt of this Order.

Exhibit A

SENIOR RESOURCES SERVICES

1913 East Seminole
Springfield, MO 65804
(417)889-5560

Jim Marshall

Mike McLaughlin

February 17, 1997

Dear [REDACTED]

Thank you for your response to our mailer. Here is more detailed information. Please call if we can be of assistance.

Sincerely,



Jim Marshall

A 25%

INVESTMENT

OPPORTUNITY

SENIOR RESOURCE SERVICES

1913 East Seminole
Springfield, Missouri 65804
Phone: (417) 889-5560
Fax: (417) 889-5597

**THE LENDING STRUCTURE
25% INTEREST**

Next Century is seeking capital lenders for PCO to purchase paid-up, group life policies for insurance buy out. The loan structure is as follows.

1. The term of the loan is 12 months from deposit of funds with a rate of return of 25% per annum. Interest is paid semi-annually.
2. A loan agreement is signed, the transaction is consummated by a deposit of Lender's funds into the Escrow Plus account held in a major U. S. Bank. Escrow Plus holds in reserve the Lender's first 12.5% interest payment.
3. No funds can be released from the escrow before the following seven documents are received by escrow: 1)verification of insurance policy face value, 2)irrevocable change of beneficiary, 3)confirmation of medical records and diagnosis, 4)signed seller agreement, 5)signed loan agreement, 6)escrow instruction, 7)authorization for insurance company to send beneficiary funds to escrow.
4. All payments to the Lender are disbursed directly from the escrow. At the end of six months, Lender receives 12.5% interest payment. At the end of twelve months, the original principal plus a second interest payment is of 12.5% is received.
5. Lender can choose to roll over the principal or principal and interest for a second loan term.

INSURANCE BUY OUT

An insurance buy out is the sale of a life insurance policy to a third party. The seller assigns the policy in exchange for an immediate payment of a percentage of the policy's face value.

Those stricken with life limiting disease often exhaust all of their financial resources. Even America's finest citizens who have lived successful, productive lives can be forced into destitution. A study of just 2,331 families of seriously ill patients at five major U. S. medical centers found that a third had drained all of their savings.¹ Many terminally ill people have no family. A valid insurance policy could be the only negotiable asset a dying person has left. Insurance buy out can help the dying avoid public assistance programs, get better health care and live out the remainder of their lives in financial comfort.

Insurance buy out can provide both life and death with dignity. It is a win/win transaction.

OVERVIEW

With the recent increase in terminal illness, especially certain types of cancer, the idea of insurance buy out is developing rapidly. In 1995, insurance policies sold totaled more than \$400,000,000.² The insurance buy out has nation-wide support from health organizations and the gratitude of countless patients who have benefited from this cash settlement.

THE INSURANCE BUY OUT PROCESS

Next Century is the exclusive, world-wide agent for Personal Choice Opportunities (PCO). Next Century has chosen PCO as its life insurance buy-out company because they meet our strict purchase and escrow requirements.

PCO buys paid-up, group policies from the top 25 U.S. Insurance carriers rated by Standard and Poor's.³ To get an insurance buy out, policyholders must be certified by PCO doctors as having six months or less to live. Sellers get their money within 72 hours after the contract is signed and the beneficiary is transferred. The buy out process is as follows:

STEP 1: A physician, hospice, social worker, family member or friend contacts PCO and a meeting is arranged with the terminally ill person (seller) to discuss his/her situation. PCO recommends that the seller seek representation by legal counsel and advice from accountants with regard to tax issues. If the person has a paid up group policy and wants to sell, PCO verifies that the policy is valid and in force.

¹ Journal of the American Medical Association Report, December 21, 1994

² Central Business-New Brunswick NJ, July 26, 1995

³ Standard & Poor's Rating - Exhibit A

- STEP 2:** After verification, the seller signs a release permitting a physical examination by a PCO hematologist and oncologist. In the event that the person is too ill to undergo such an exam, the PCO physician will evaluate medical records and discuss case history with each of the seller's previous attending physicians. The PCO physician then submits a prognosis. The seller's life expectancy must be six months or less to be accepted by PCO.
- STEP 3:** An experienced psychiatrist conducts a mental evaluation to determine that the seller is of sound mind and can enter into a legal agreement. If a fit mental state is verified, an agreement is signed in which PCO will pay a percentage of the face value of the person's policy in exchange for sole beneficiary designation.
- STEP 4:** An agreement is signed in which the seller receives a percentage of the policy's face value; PCO is named sole, irrevocable beneficiary.⁴ The Lender is not the named beneficiary since this could limit the Lender's payoff time. The escrow holds the policy as collateral for the Lender.
- STEP 5:** The beneficiary transfer papers are forwarded to the insurance carrier and to the escrow officer with PCO's authorization for the insurance carrier to pay proceeds to the escrow upon the Seller's death. The irrevocable change of beneficiary cannot be contested by a family member after death. Unlike a will, life insurance cannot be challenged since it is deemed a personal commodity and the person has the right to sell it.
- STEP 6:** Lender's funds are deposited into Union Bank through a \$5 million dollar bonded escrow account. The escrow officer holds in reserve the Lender's first 12.5% interest payment.
- STEP 7:** The final state of the transaction commences when the seller dies. A certified copy of the death certificate is forwarded to the insurance carrier. After the insurance company processes the claim, the beneficiary proceeds check is sent directly to the escrow account as directed by PCO and Lender. There is an injunction clause in the Seller agreement that circumvents litigation and enables a judge to order the insurance carrier to pay the escrow.

LENDING STRUCTURE

Next Century is seeking capital lenders for PCO to purchase paid up, group life policies. The loan structure is as follows.

- (1) The term of the loan is 12 months from deposit of funds with a rate of return of 25% per annum. Interest is paid semi-annually.

⁴ Seller Agreement/Beneficiary Transfer - Exhibit B

- (2) A loan agreement is signed. The transaction is consummated by deposit of Lender's funds into Union Bank, Burbank, California branch through the bonded escrow. Each Lender has a separate escrow and each escrow is bonded up to \$5 million.⁵ The escrow officer holds in reserve the Lender's first 12.5% interest payment. The escrow holds the insurance policy as collateral for the Lender.⁶
- (3) No funds can be released from the escrow before the following seven documents are received by the escrow: verification of insurance policy face value, irrevocable change of beneficiary documents, signed seller agreement, confirmation of medical records and diagnosis, signed loan agreement, deposit receipt and escrow instructions authorization to insurance company to send beneficiary funds to the escrow.
- (4) At the end of six months, an interest payment of 12.5% is disbursed to the Lender directly from the escrow. At the end of twelve months, the original principal plus the second interest payment of 12.5% is disbursed directly from the escrow to the Lender. After the seller's death, beneficiary proceeds from the insurance company are deposited into the escrow. PCO may use these funds to purchase an additional policy or policies after delivery of the documents specified in the escrow instructions. The second interest payment of 12.5% is reserved at that time. The second purchase also creates a reserve beneficiary proceeds pool for principal layout.
- (5) Lender can choose to roll over the principal, or principal and interest, for another year to allow PCO to buy more policies. Lender is solely responsible for any tax obligation on interest Lender receives.

WHY A LENDER IS SECURE WITH NEXT CENTURY

A Lender is secure with Next Century for the following reasons:

- >>> Next Century has required that all policies purchased by PCO are held in a \$5 million bonded escrow account as collateral for Lender's principal.
- >>> Next Century has protected the Lender by requiring PCO to authorize the insurance carrier to send beneficiary proceeds directly to the escrow to ensure payment of principal and interest.
- >>> Next Century has required that PCO only purchase group life insurance policies. This is a more secure base since the employer pays all premiums when a person goes on disability. The full value of the policy is maintained; no out of pocket expenses are due. Even in the event an insured commits suicide, policies purchased by PCO will pay out since the policies have either been in effect for two years or more, or have no suicide penalty.

⁵ Escrow Plus Fidelity Bond - Exhibit C
⁶ Tracking of funds chart - Exhibit D

- >>> Next Century does not tie a Lender into any one specific policy. Lender's funds are returned from a pool of policies which ensures the Lender payoff at the end of the 12 month term of the loan. Other companies tie the Lender to one seller by making the Lender sole beneficiary. This creates the risk that return of Lender's funds could be delayed by the seller exceeding life expectancy.

- >>> Next Century does not limit the Lender's payoff to a specific policy. The advantage is that payoff of the loan is guaranteed since the Lender does not have to wait for one single policyholder to expire. As sellers expire and beneficiary proceeds are received by the escrow, those proceeds are pooled. Lender's funds are repaid from that available proceeds capital pool. This turnover ensures that interest and principal will be paid to the Lender on time.

- >>> Next Century sellers are under hospice, hospital or daily nursing care.⁷ PCO has certified that, to date, the average expiration time of sellers is 5.4 months.⁸

SUMMARY

The terminally ill and their care givers grapple with tremendous emotional issues as well as the final strain of long-term, costly medical treatment.⁹ Experts applaud the flexibility of the insurance benefit buy out. For the sellers, who have probably lost their jobs and their savings, this money can make their final days ones of comfort and security. For the buyers, the insurance buy out addresses a long overlooked problem of the dying while providing a practical, humanitarian solution.

⁷ June 19, 1996 Las Vegas Review Journal, Exhibit E
⁸ An independent doctor has verified PCO's performance record. Verification letter available on request.
⁹ A sampling of personal stories - Exhibit F

IRA ESCROW AGREEMENT

THIS ESCROW AGREEMENT ["Agreement"] is entered into as of March 24, 1997, by and among: ESCROW PLUS, INC, ["Escrow Holder"], David W. Laing, and PCO, INC. ["PCO"] and [REDACTED] ["Lender"], collectively referred to herein as "the parties."

RECITALS:

- A. PCO is in the business of purchasing paid up, group life insurance policies from terminally ill patients; said policies have no suicide penalty. Said policies are held in escrow as collateral for the Lender. Loans from the Lender are repaid from beneficiary proceeds of said policies and those beneficiary proceeds are sent directly to the escrow after the death of the insured(s);
- B. PCO has arranged to borrow funds from Lender pursuant to the terms of a Lender Agreement between PCO and Lender dated March 24, 1997 ["Lender Agreement"].
- C. Under the terms of the Lender Agreement, PCO and Lender desire to establish an escrow ["Escrow"] with Escrow Holder for safekeeping of the documents relating to the purchase of such policies, and for receipt of Lender's funds into an Escrow Holder's account at: HOME SAVINGS OF AMERICA FSB, BURBANK, CALIFORNIA BRANCH ["Escrow Account"]. The disbursement of such funds shall be for the purchase by PCO of paid up group life insurance policies from terminally ill patients and for payment of commissions.
- D. Escrow Holder is willing to establish and maintain such an Escrow Account on the terms, and subject to, the conditions set forth herein; and
- E. For the purposes of this escrow, Lender wishes to use IRA funds on deposit with Lender's non-discretionary custodian at:

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NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, including the mutual covenants herein contained, the parties hereto agree as follows:

1. ESTABLISHMENT OF THE ESCROW:

1.1 The parties hereby establish an Escrow Account with the Escrow Holder. The Escrow shall include:

- (a) a deposit account at HOME SAVINGS OF AMERICA FSB, BURBANK, CALIFORNIA BRANCH which shall be titled "Escrow Plus Trust Account, Escrow Account No. _____ and;
- (b) the safekeeping of certain documents delivered by PCO to Escrow Holder relating to the purchase by PCO of one or more life insurance policies from terminally ill patients, as described herein above.

1.2 The Escrow Account shall be opened upon receipt by the Escrow Holder of:

- (a) readily available funds in the amount of \$ ~~100~~ [#] 51,305.04 from Lender's non-discretionary custodian;
- (b) a copy of this agreement executed by the parties; and,
- (c) Deposit Receipt and Instructions executed by PCO and Lender. Escrow Holder shall notify Lender when the Escrow Account has been opened.

1.3 PCO shall deliver, or cause to be delivered to the Escrow, originally executed (and notarized where indicated thereon) copies of the seven (7) documents ["Documents"] described in PCO's Deposit Receipt and Escrow Instructions ["Instructions"]. Said instructions are attached hereto and incorporated herein by this reference. Escrow Holder shall hold and retain the Documents in safekeeping until termination of the Escrow.

1.4 All checks or wire transfers from Lender for deposit in the Escrow Account shall be made payable to the order of: ESCROW PLUS, INC. Any checks received that are made payable to, or funds wire transferred to a party other than the party designated herein shall be returned to the person who submitted the check or wired the funds.

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- 1.5 Upon receipt of funds from the Lender and provided the Escrow Holder has all documents specified in the instructions, funds in the Escrow shall be disbursed to PCO in accordance with such instructions, without any instructions from, and without any liability to, or any notice to, Lender. Disbursement of funds by Escrow Holder to PCO is conditioned upon Escrow Holder's receipt of the Documents. Upon termination of the Escrow, the Documents shall be released to PCO.
- 1.6 Upon the death of the seller(s), under the one or more policies purchased by PCO, PCO shall cause the paying insurance company to deliver its check to the Escrow Holder for deposit in the Escrow Account, in accordance with Section IV of the Instructions. Further disbursement from the Escrow shall be made only for the purchase of additional policies by PCO or payment of commissions, and upon receipt by Escrow Holder from PCO of new Documents, no notice of such disbursement, or the receipt by Escrow Holder of new Documents, shall be given to Lender unless directed to do so in written instructions from PCO.

2. ESCROW PERIOD:

- 2.1 The Escrow Period shall begin as of the date funds are received by Escrow Plus, Inc. and shall terminate at the end of the one year loan term.
- 2.2 Lender is aware and understands that, during the Escrow Period, Lender is not entitled to any funds or Documents received into Escrow, and no amounts deposited in the Escrow shall become the property of Lender, or be subject to the debts of Lender.

LENDER'S INITIAL X 

LENDER'S INITIAL X _____

3. DUTIES AND RESPONSIBILITIES OF ESCROW HOLDER:

It is understood and agreed by PCO and Lender that the duties of the Escrow Holder are as follows and that:

- 3.1 Escrow Holder shall not permit the release of funds from the escrow until PCO has deposited the documents set forth in the Deposit Receipt and Instructions, Section I, which is attached hereto.
- 3.2 Lender hereby specifically acknowledges that Escrow Holder may disburse funds from the Escrow, in accordance with the instructions referred to herein,

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conditioned upon Escrow Holder's receipt of Documents as specified herein. No disbursement shall be made prior to Escrow Holder's receipt of documents confirming that the policy or policies have actually been sold and transferred to PCO. Lender further acknowledges that beneficiary checks disbursed by the insurance company shall be made payable to David W. Laing as the designated policy beneficiary. David W. Laing irrevocably assigns the insurance carrier to pay beneficiary proceeds to the Escrow Holder.

LENDER'S INITIAL X 

LENDER'S INITIAL X _____

3.3 Lender is not tied into a specific policy purchase. Lender understands that all purchased policies are pooled and held as collateral in the Escrow. Escrow Holder will pool beneficiaries proceeds as sellers expire. At the end of the loan term, Escrow Holder is instructed to pay Lender's principal and second interest payment of ~~Ten~~ *Twelve* and One-half Percent (~~10.5%~~ *12.5%*) from funds in the proceeds pool.

3.4 Lender represents and warrants for the benefit of the Escrow Holder that Lender has conducted its own investigation of the loan transaction contemplated herein. Escrow Holder's involvement is only in its capacity as Escrow Holder as specified in this Agreement. Lender hereby acknowledges that the duties and responsibilities of Escrow Holder in connection with the transactions are to follow the specific instructions given to Escrow Holder as provided herein.

LENDER'S INITIAL X 

LENDER'S INITIAL X _____

3.5 The Escrow Holder shall be liable for any action taken or omitted hereunder, or for the misconduct of any employee, agent or attorney appointed by it except in the case of Escrow Holder's willful misconduct or negligence.

4. **AMENDMENT:** This Agreement may not be altered or amended only with the written consent of all the parties hereto.

5. **REPRESENTATIONS AND WARRANTIES:** The parties represent and warrant to the Escrow Holder that

(a) No party other than the parties hereto, or its agents, shall have any interest in the Escrow Account or the Documents; and,

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(b) all of the information contained herein is, as of the date hereof, and will be at the time of disbursement of funds, true and correct.

6. **FEES AND EXPENSES:** All fees due hereunder to Escrow Holder for its escrow services shall be paid by PCO.

7. **INDEMNIFICATION:**

7.1 Notwithstanding the provisions of Section 7, PCO agrees to indemnify the Escrow Holder, its officers, directors, employees, agents and shareholders [jointly and severally the "Indemnities"]. PCO agrees to hold the Indemnities harmless from, any and all loss, liability, cost, damage and expense, including, without limitation, reasonable counsel fees, which the Indemnities may suffer or incur by reason of any action, claim or proceeding brought or threatened against the Indemnities arising out of or relating in any way to this Agreement relates, unless such action, claim or proceeding is the result of the willful misconduct or negligence of the Indemnities.

7.2 The provisions of this Section 7 shall survive any termination of this Agreement, whether by disbursement of the funds, resignation of the Escrow Holder or otherwise.

8. **DEATH AND INCAPACITY OF DAVID W. LAING:**

8.1 In the event of David W. Laing's death, or in the event that David W. Laing is incapacitated and unable to perform his duties for PCO, Escrow Holder has the power to collect and receive all sums made payable to David W. Laing as irrevocable beneficiary of insurance policies purchased by PCO, specified in Section A of this agreement and pursuant to David W. Laing's written authorization pursuant to the Instructions.

8.2 Escrow Holder has the power to disburse funds due to Lender(s) and PCO's representative(s). It is understood and agreed that when the term of a Lender's loan has expired, the interest and principal will be paid out and that no rollovers will be allowed.

8.3 No funds will be released to Laing's estate until after all sums due Lender(s), and PCO's representative(s) are paid. Any further instructions regarding the

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disposition of the Escrow shall be made in writing by current authorized representatives of PCO to Escrow Holder.

- 9. **GOVERNING LAW:** This agreement shall be construed in accordance with and governed by the law of the State of California and the State of Nevada. This agreement shall be binding upon and inure to the benefit of the parties and their representative successors and assigns.
- 10. **NO DUTY TO PAY TAXES:** The Escrow Holder shall have no duty or responsibility to pay any federal, state or local income taxes on any escrowed property or to make or file any tax returns or other governmental reports.
- 11. **NOTICES:** Any notice, request, demand and other communication which any party hereto may desire or may be required hereunder to give shall be deemed to be duly given if delivered personally or mailed by certified or registered mail (postage prepaid, return receipt requested), air courier or facsimile transmission (with the original mailed by first class mail on the same date), addressed to such other party as follows:

If to PCO: David W. Laing, President and CEO
 PCO, Inc.
 707 East Tahquitz Canyon Way, Suite 9
 Palm Springs, CA 92262

If to Escrow Holder: Valerie Jenkins, President
 Escrow Plus, Inc.
 539 N. Glenoaks Blvd., Ste. 301
 Burbank, CA 91502

If to Lender: 

Tel # 

If to Custodian: STERLING TRUST COMPANY
 PO BOX 2526
 WACO TX 76702

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or to such other address as any party hereto may hereafter designate to the other parties in writing. Notice shall be deemed to have been given on the date reflected in the proof or evidence of delivery, or if none, on the date actually received.

- 12. **SEVERABILITY:** If any provision of this Agreement or the application thereof to any person or circumstance shall be determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to the person or circumstances other than those to which it is held invalid or unenforceable shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.
- 13. **EXECUTION IN SEVERAL COUNTERPARTS:** This Agreement may be executed in several counterparts or by separate instruments and all of such counterparts and instruments shall constitute one agreement, binding on all of the parties hereto.
- 14. **ENTIRE AGREEMENT:** This Agreement constitutes the entire agreement between the parties hereto with respect to the specific Escrow Account described herein and supersedes all prior agreements and understandings (written or oral) of the parties in connection herewith.

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IN WITNESS WHEREOF, the undersigned have executed this Agreement to be effective as of the day and year first above written.

ESCROW PLUS, INC.:

By: _____ DATE: _____
Valerie Jenkins, President

PCO, Inc.

By: _____ DATE: _____
David W. Laing, President and CEO

LENDER:

By: X _____ DATE: 3-24-97

By: X _____ DATE: _____

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III. **LOAN TERM/INTEREST:** The term of the loan and due date shall be 365 days or one year from the date of the deposit of Lender's funds into the Escrow account.

Interest shall be calculated on the annual rate of return of ^{five} Twenty-One Percent (21%). Interest is calculated from the date Lender funds are received into the Escrow.

IV. **RECEIPT OF FUNDS FROM INSURANCE CARRIER:** David W. Laing has previously authorized the Escrow Holder to receive all funds disbursed by the insurance carrier on behalf of David W. Laing, the designated irrevocable beneficiary. The Escrow Officer will distribute all principal and interest due Lender directly from the Escrow account.

V. **DISTRIBUTION OF FUNDS:**

- 1. TO LENDER: At the end of the sixth month, the Escrow Officer will disburse an interest payment directly to the Lender's non-discretionary custodian at:

Sterling Trust Co.
P.O. Box 2526
Waco, Texas 76702-2526

At the end of the twelfth month, the Officer will disburse a payment of Lender's principal plus interest directly to Lender's non-discretionary custodian at the address herein above. Lender can choose to roll over the principal, or principal and interest, for another year to allow PCO to purchase additional policies.

- 2. FIRST INTEREST PAYMENT: Once PCO delivers verification of the viaticated policy's face value to the Escrow Officer, the Officer is instructed to hold in escrow, the first interest payment for the benefit of the Lender.
- 3. TO PCO: The remaining funds from the policy shall be disbursed to PCO, however, Escrow Holder shall be allowed to deduct its fee before disbursement to PCO.
- 4. FURTHER DISBURSEMENT: Further disbursement from the Escrow shall be made only for the purchase of additional policies by PCO or payment of commissions, and upon receipt by Escrow Holder from PCO of new Documents for another transaction. In the event Escrow Holder shall disburse further funds, conditioned upon Escrow Holder's receipt of new Documents,

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no notice of such disbursement, or the receipt by Escrow Holder of new Documents, shall be given to Lender unless directed to do so in a written instruction from PCO.

VI. **APPLICABLE LAW:** This Agreement shall be governed by the laws of the State of California and the State of Nevada, as the case may be.

VII. **NOTICE:** All notices to be given hereunder shall be in writing and sent via Certified/Registered U.S. Mail (signature required) or by a nationally recognized courier (signature required), with guaranteed next day delivery, to the parties at the addresses set forth herein above.

VIII. **MISCELLANEOUS PROVISIONS:**

- (a) This Agreement shall be binding upon and inure to the benefit of the successors, representatives and assigns of the parties hereto.
- (b) Other than as set forth herein, there were no understandings, oral or written, which modify or change the terms set forth herein and any future modifications shall be effective only in writing and signed by all parties.
- (c) All references to days shall be calendar days unless otherwise stated.
- (d) Time is of the essence in the Agreement.

Lender hereby acknowledges receipt of an executed copy of these escrow instructions.

PCO, Inc.:

By: _____ DATE: _____
David W. Laing, President and CEO

LENDER:

By: X _____ DATE: 3-24-97

By: X _____ DATE: _____

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LENDER AGREEMENT

This Agreement is entered into this 24 day of March, 1997, by and between [redacted] ["Lender"] and David W. Laing, PCO, Inc. ["PCO"], and provides as follows:

RECITALS:

WHEREAS, PCO is in the business of purchasing group life insurance policies from insureds who are persons suffering from terminal illness and have six months or less to live, and in connection with said purchase, PCO insures that said policies are held in escrow as collateral for the Lender and the beneficiary proceeds from said policies are sent directly to the escrow upon the death of the insured(s);

WHEREAS, Lender has agreed to loan money to PCO for the purpose of carrying out its business and further that Lender wishes to use IRA funds on deposit with Lender's non-discretionary custodian at:

Sterling Trust Co.
P.O. Box 2526
Waco, Texas 76702-2526
A/B/O Sue C. Williamson

WHEREAS, PCO, as borrower, is willing and able to enter into a loan transaction with Lender;

NOW THEREFORE, in consideration of the mutual covenants and considerations set forth herein, the adequacy of which is agreed to be sufficient, the parties agree as follows:

- 1. **LOAN:** On this date, Lender shall loan the principal sum of: fifty-one thousand three hundred five and 4/100 Dollars (\$ 51,305.41) to PCO. Lender shall deposit loan funds into Escrow Holder's account at HOME SAVINGS OF AMERICA FSB, BURBANK, CALIFORNIA BRANCH.


Lender shall not have the right, at any time, to withdraw funds from the escrow. All, or a portion from the loan shall be used by PCO for the purchase of paid up, group life insurance policies and payment of any fees or commissions which may be due to PCO's representatives or agents. Said policies have no suicide penalty.

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PCO's signature herein below shall serve as receipt of the principal amount of the loan from Lender. Concurrent with the deposit of Lender's funds, PCO shall deposit into the escrow the verification of the insurance policy's face value, irrevocable change of beneficiary, the seller's agreement and the confidential doctor's prognosis.

- 2. **TERM:** The term of this loan shall be twelve (12) months from the date Lender deposits funds into the Escrow Account at HOME SAVINGS OF AMERICA FSB, BURBANK, CALIFORNIA BRANCH. Lender may choose to roll over the principal, or principal and interest, for an additional twelve (12) months to allow PCO to purchase additional policies.
- 3. **INTEREST/REPAYMENT:** An interest payment of ^{five}Twenty-~~One~~ Percent ^{25%}(~~21%~~) shall be paid from the Escrow Account to Lender's non-discretionary custodian at the address specified herein above. At the end of the loan term, all principal and remaining accrued interest shall be paid directly from the escrow account to Lender's non-discretionary custodian at the address specified herein above.
- 4. **LEGAL FEES/COSTS:** In the event a dispute arises under this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs in addition to any other relief to which the prevailing party may otherwise be entitled.
- 5. **NOTICE:** All notices which each party may wish to serve on the other shall be in writing and sent via Certified/Registered U.S. Mail (signature required) or by a nationally recognized courier (signature required) guaranteeing next day delivery to the parties at the addresses set forth herein below.

To PCO: David W. Laing, President and CEO
 PCO, Inc.
 707 East Tahquitz Canyon Way, Suite 9
 Palm Springs, CA 92262

To Lender: 

Tel # 

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To Custodian:

Sterling Trust Co.
P.O. Box 2526
Waco, Texas 76702-2526
[REDACTED]

- 6. **APPLICABLE LAW:** In the event a dispute arises under this Agreement, the parties hereto agree that interpretation and performance of this Agreement shall be determined under the laws of the State of California and the State of Nevada, as the case may be.
- 7. **ASSIGNMENT:** Lender agrees not to assign this Agreement to any third party.
- 8. **MISCELLANEOUS:** This Agreement shall be binding upon and inure to the benefit of Lender's successors and assigns.

PCO, Inc.:

By: _____ DATE: _____
David W. Laing, President and CEO

LENDER:

By: X [REDACTED] DATE: 3-24-97

By: X _____ DATE: _____



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PCO, INC.

Personal Choice Opportunities

Acknowledgment and Receipt

I acknowledge I have deposited \$ 25,000 with Escrow Plus, Inc. towards the purchase of the Insurance Buy Out Program.

This deposit is to be distributed in the following manner:

\$ 25,000 for a one year contract @ ~~21%~~ ^{25¹/₁₀} BA

Simple interest payments will be paid semi-annually at ~~10.5%~~ ^{12⁵/₁₀} BA

I also understand that there is no liquidity of my deposit for one year and that I have other sources of money for emergencies.

Total Amount Received: \$ 25,000

Received from: 

Date received: 3/24/97

Agents Signature: Edie J. Dull

YOUR CHECK, MONEY ORDER OR BANK DRAFT MUST BE MADE PAYABLE TO RAI FOR QUALIFIED MONIES OR ESCROW PLUS, INC. FOR NON-QUALIFIED MONIES. DO NOT MAKE YOUR CHECK, MONEY ORDER OR BANK DRAFT PAYABLE TO THE AGENT OR LEAVE THE PAYEE BLANK.

Exhibit F

TO: PCO INVESTORS AND BROKERS

From: Barry A. Fisher Ct Approved Receiver

Re: General E-mail No. 1

Date: 5/6/97

During my first week as receiver I have been deluged with calls, faxes and e-mails while working to receive and take possession of substantial funds for later distribution.

Last week I spoke to a large number of people but could return only a fraction of the calls made to me. Hopefully this e-mail will help. If you respond, include your phone and number and whether you are an investor, broker or otherwise and I will respond as soon as possible.

As you may know, this matter is now the subject of a fraud prosecution in the federal court in New York City (United States v. Laing (S.D.N.Y. Case 97 MAG 0638)). The FBI agent on the case is Paul Abbate, phone 212-384-2519. Those prosecuted at this time are PCO head David W. Laing, Escrow Plus Officer Valarie E. Jenkins and two major PCO brokers, Michael D. Smith of Colorado and Dennis V. Rinner of Michigan. I am informed that, in fact, there were no life insurance policies backing your investment.

The good news is that, unlike most other such matters, substantial funds will be recouped. In my first week, I have taken control of some \$19 million and I have targeted much more which I am optimistic will also be received. Very substantial additional funds are currently frozen.

The FBI, California state authorities and the authorities of some 24 states where investors live are responding to this matter. Additionally, at least one class action has been filed, Wiggers v. PCO, Los Angeles Superior Court No. BC170157. The attorney is Patrick Vastano, phone 310-207-0088.

Among other things, my job is to determine accurate claims information, to seek out assets for distribution, and to submit the data and a distribution proposal to the judge who will ultimately order the distribution. It will most likely take months to go through the PCO, Escrow Plus, investor and broker data, and to collect assets.

At some point, I will be directly in touch with every investor and broker by phone, e-mail or mail. If you need to clarify any matter, you can call me at 310-557-0771 or send me a fax at 310-557-070.

If you are an investor/lender and you sent in money but never received anything from PCO or the escrow company, then please send me a photocopy of your canceled check and the name, phone and fax

of your broker for further verification. Don't send the original.

If you are a broker/finder, if you have not already done so, please send me a list of your investor/lenders with the amounts they paid and whether they received the PCO/Escrow paperwork. Also let me know what brokers you worked through.

I will do my best to recover as much money as possible for defrauded investors. Everyone needs to understand, however, that matters such as this take time and that everyone needs to be patient.