



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:

TIMOTHY D. NEWMAN	)	ORDER TO CEASE & DESIST
1312 N. Walnut	)	Order No. CD-99-51
Cameron, Missouri 64429;	)	
	)	
SHANE DUNNAWAY	)	
102 E. Jasper	)	
Versailles, Missouri 65084;	)	
	)	
RAYMOND EPPENAUER	)	
102 E. Jasper	)	
Versailles, Missouri 65084;	)	
	)	
TIMOTHY KUSGEN	)	
102 E. Jasper	)	
Versailles, Missouri 65084;	)	
	)	
DAVID P. DIEHL	)	
4941 Braidhill	)	
St. Charles, Missouri 63304; and	)	
	)	
JONATHAN DIEHL	)	
617 Roundstone Dr.	)	
St. Charles, Missouri 63304,	)	
	)	
Respondents.	)	

Respondents sold viatical settlement contracts to Missouri residents. Respondents told some Missouri residents that the investments would pay up to 24% annually and that the principal would be returned at the end of one year. Interest that was paid to Missouri residents was paid from the investors' own funds. To date, many of the Missouri residents have not received all of their interest payments or the return of their principal. The viatical settlement contracts sold by Respondents were not registered as securities in the State of Missouri. Respondents were not registered to sell securities in

the State of Missouri. Respondents failed to disclose these facts to the 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. Timothy D. Newman was at all times pertinent hereto a sales agent for Liberte Capital Group, L.L.C. and has a business address of 1312 N. Walnut, Cameron, Missouri 64429.
2. Shane Dunnaway was at all times pertinent hereto a sales agent for Liberte and has a business address of 102 E. Jasper, Versailles, Missouri 65084.
3. Raymond Eppenauer was at all times pertinent hereto a sales agent for Liberte and has a business address of 102 E. Jasper, Versailles, Missouri 65084.
4. Timothy Kusgen was at all times pertinent hereto a sales agent for Liberte and has a business address of 102 E. Jasper, Versailles, Missouri 65084.
5. David P. Diehl was at all times pertinent hereto a sales agent for Liberte and has an address of 4941 Braidhill, St. Charles, Missouri 63304.
6. Jonathan Diehl was at all times pertinent hereto a sales agent for Liberte and has an address of 617 Roundstone Drive, St. Charles, Missouri 63304.
7. Liberte Capital Group, L.L.C. is engaged in the business of selling viatical settlement contracts and has an address of 6711 Monroe Street, Bldg. 3, Suite E, Sylvania, Ohio 43560.
8. Principal Resources, Inc. has an address of 3346 Gwinnett Plantation Way, Duluth, Georgia 30136, and at all times pertinent hereto recruited sales agents for Liberte and processed commission payments for Liberte sales agents.
9. As used in this Cease and Desist Order, the term "Respondents" refers to Newman, Dunnaway, Eppenauer, Kusgen, David Diehl and Jonathan Diehl.
10. On September 25, 1997, Newman entered into a "Representative Agreement" with Liberte to sell Liberte viatical settlement contracts. Pursuant to the terms of this agreement, Principal would pay commissions to Newman based upon Newman's sales of Liberte viatical settlement contracts.

11. On or about September 26, 1997, Newman solicited a Missouri resident ("MR1") to invest in viatical settlement contracts offered by Liberte.
12. During this solicitation, Newman gave MR1 several pieces of promotional material provided by Liberte touting the benefits of investing in viatical settlement contracts. These materials included, among others, an "Agency Agreement and Special Power of Attorney Appointment" (copy attached and incorporated as Exhibit A).
13. Newman also advised MR1 that by investing in viaticals, MR1 could earn 2% interest per month on MR1's principal investment for the remainder of the contestability period. At the end of the contestability period, MR1 would receive the return of MR1's principal investment.
14. On or about September 26, 1997, MR1 invested \$50,000 in several Liberte viatical settlement contracts and signed the "Agency Agreement and Special Power of Attorney Appointment."
15. On or about December 8, 1997, Liberte provided a written statement to Newman indicating that \$18,045 of MR1's funds had been placed in a viatical settlement contract with a face value of \$205,000.
16. On or about February 23, 1998, Liberte sent a letter to MR1 advising that \$18,045 of MR1's funds had been invested in a viatical settlement contract for a 12.3% ownership interest.
17. On February 10, 1998, Dunnaway entered into a "Senior General Representative Agreement" with Liberte to sell Liberte viatical settlement contracts. Pursuant to the terms of this agreement, Principal would pay commissions to Dunnaway based upon Dunnaway's sales of Liberte viatical settlement contracts.
18. On or about February 10, 1998, Dunnaway solicited a Missouri resident ("MR2") to invest in a Liberte viatical settlement contract. Dunnaway gave MR2 several pieces of promotional material provided by Liberte that touted the benefits of investing in viatical settlement contracts.
19. During this solicitation, Dunnaway told MR2 that a minimum investment of \$25,000 would pay MR2 9% interest annually. Dunnaway further told MR2 that this interest would be paid quarterly and that MR2 would receive the return of MR2's principal investment after one year.
20. On or about February 10, 1998, MR2 decided to invest \$25,000 in two Liberte viatical settlement contracts and executed a "Cash Flow Viatical Preference Form." Nine percent of MR2's invested funds were to be set aside for the quarterly interest payments owed to MR2.

21. Pursuant to the terms of the "Cash Flow Viatical Preference Form," at the end of one year, MR2's interests in the underlying life insurance policies would be liquidated and the principal would be disbursed to MR2.
22. On or about February 10, 1998, MR2 also signed an "Agency Agreement and Special Power of Attorney Appointment," similar in form and content to the copy attached as Exhibit A.
23. On or about June 15, 1998, Liberte provided a written statement to Dunnaway that indicated that \$9,214 of MR2's investment had been placed in a viatical settlement contract.
24. On or about October 8, 1998, Liberte advised MR2 that \$9,214 of MR2's funds had been invested in a viatical settlement contract and that MR2's investment represented a 22.24% share of this contract upon maturity.
25. On March 27, 1998, Eppenauer entered into a "Senior General Representative Agreement" with Liberte to sell Liberte viatical settlement contracts. Pursuant to the terms of this agreement, Principal would pay commissions to Eppenauer based upon Eppenauer's sales of Liberte viatical settlement contracts.
26. On or about March 24, 1998, Eppenauer solicited a Missouri resident ("MR3") to invest in a Liberte viatical settlement contract.
27. On or about March 24, 1998, MR3 decided to invest with Liberte and transferred \$10,000 from an existing individual retirement account ("IRA") into another IRA established for the purpose of funding MR3's Liberte investment.
28. On or about March 24, 1998, MR3 entered into an "Agency Agreement and Special Power of Attorney," similar in form and content to Exhibit A.
29. On or about March 24, 1998, Eppenauer submitted to Principal a "New Business Transmittal Form", along with a completed "Preference Form," "Purchaser(s) Information" form and the "Agency Agreement and Special Power of Attorney."
30. On or about May 5, 1998, Eppenauer received a statement from Liberte advising that \$5,008 of MR3's funds had been placed in a viatical settlement contract with a death benefit of \$6,462.22.
31. On or about October 14, 1998, Eppenauer received a statement from Liberte advising that \$4,992 of MR3's funds had been placed in a viatical settlement contract with a death benefit of \$50,000.
32. On March 27, 1998, Kusgen entered into a "Senior General Representative Agreement" with Liberte to sell Liberte viatical settlement contracts. Pursuant to the terms of this agreement, Principal would pay commissions to Kusgen based

upon Kusgen's sales of Liberte viatical settlement contracts.

33. On or about April 30, 1998, Kusgen solicited a Missouri resident ("MR4") to invest in a Liberte viatical settlement contract. Kusgen gave MR4 several pieces of promotional material provided by Liberte that touted the benefits of investing in viatical settlement contracts.
34. During this April 30, 1998 solicitation, Kusgen also told MR4 that by investing in a Liberte viatical settlement contract, MR4 could earn 9% interest annually. Kusgen also stated that at the end of the year, Liberte would return MR4's principal investment.
35. On or about April 30, 1998, MR4 executed an "Agency Agreement and Special Power of Attorney Appointment," similar in form and content to Exhibit A.
36. On or about April 30, 1998, MR4 executed a "Cash Flow Viatical Preference Form," authorizing the purchase of all or a portion of ten viatical settlement contracts for a total investment of \$125,000.
37. On or about May 21, 1998, MR4's investment of \$125,000 was deposited into a Liberte escrow account.
38. On or about May 22, 1998, \$11,250 of MR4's investment was transferred to an account in the name of "Capital Fund One."
39. On or about the following dates, the following disbursements were made from the "Capital Fund One" account to MR4:

6/30/98	\$1,232.80
9/30/98	\$2,812.50
12/31/98	\$2,812.50

40. Sometime after February 16, 1999, MR4 received a letter of rescission from Liberte dated February 16, 1999. This letter stated, among other things, the following:

"We are sorry to inform you that Liberte . . . is unable to match your \$125,000 Cash Flow deposit to Viatical policies. The state of Missouri considers viatical Investments to be a security, and therefore we are unable to invest any further investor funds from Missouri into products that may be considered securities.

Our records at Viatical Escrow Services show that you have already received \$6,857.80 of your funds back to you in quarterly disbursements. Viatical Escrow Services will mail you a check for the balance of \$118,142.20. We would also like to extend to you interest on your

remaining funds . . .”

41. Sometime after April 4, 1999, MR4 received a check from Liberte, dated April 4, 1999, in the amount of \$3,708.35, indicating that it was an interest payment.
42. To date, MR4 has not received the return of MR4's principal investment.
43. On December 2, 1997, David Diehl entered into a “Senior General Representative Agreement” with Liberte to sell Liberte viatical settlement contracts. Pursuant to the terms of this agreement, Principal would pay commissions to David Diehl based upon David Diehl's sales of Liberte viatical settlement contracts.
44. On or about May 1, 1998, David Diehl solicited a Missouri resident (“MR5”) to invest in viatical settlement contracts offered by Liberte.
45. During this May 1, 1998 solicitation, David Diehl recommended that MR5 liquidate MR5's life insurance policy and invest in viatical settlement contracts.
46. On or about May 1, 1998, MR5 decided to invest with Liberte and executed a form entitled, “Authorization to Transfer Funds To Liberte Capital Group.”
47. On or about June 9, 1998, MR5's life insurance company liquidated MR5's life insurance policy and sent a check in the amount of \$28,413.00 to Liberte for MR5's benefit.
48. MR5 was assessed a penalty of \$1,238.18 for the early termination of MR5's life insurance policy.
49. On or about June 11, 1998, Liberte notified David Diehl that \$6,736 of MR5's funds had been used to fund a portion of a viatical settlement contract on a life insurance policy with a death benefit of \$500,000.
50. On or about June 17, 1998, Liberte notified David Diehl that \$5,400 of MR5's funds had been used to fund a portion of a viatical settlement contract on a life insurance policy with a death benefit of \$250,000.
51. On April 24, 1998, Jonathan Diehl entered into a “Representative Agreement” with Liberte to sell Liberte viatical settlement contracts. Pursuant to the terms of this agreement, Principal would pay commissions to Jonathan Diehl based upon Jonathan Diehl's sales of Liberte viatical settlement contracts.
52. On or about May 20, 1998, Jonathan Diehl solicited a Missouri resident (“MR6”) to invest in viatical settlement contracts offered by Liberte.

53. During this solicitation, Jonathan Diehl advised MR6 that by investing in a viatical settlement contract, MR6 could earn 2% interest per month on MR6's principal investment for every month remaining in the contestability period. At the end of the contestability period, Liberte would return MR6's principal.
54. On or about May 20, 1998, MR6 executed a "Non-Conforming Viatical Settlement Preference Form," authorizing investments in five viatical settlement contracts for a total investment of \$25,000.
55. On or about June 11, 1998, Liberte notified Jonathan Diehl that \$5,000 of MR6's funds had been used to fund the purchase of a portion a viatical settlement contract on a life insurance policy with a death benefit of \$500,000.
56. On or about June 17, 1998, Liberte notified Jonathan Diehl that \$5,000 of MR6's funds had been used to fund the purchase of a portion of another viatical settlement contract on a life insurance policy with a death benefit of \$500,000.
57. On or about December 30, 1998, the Missouri Securities Division received information indicating that Respondents had sold viatical settlement contracts in the State of Missouri.
58. A check of the records maintained by the Missouri Commissioner of Securities confirmed no registration or granted exemption for the securities sold by Respondents in the State of Missouri.
59. A check of the records maintained by the Commissioner confirmed no registration for Respondents to sell securities in the State of Missouri.
60. On February 17, 1999, the Securities Division sent a letter of inquiry via certified mail to David Diehl. This letter requested, among other things, information about the sales of viatical settlement contracts to Missouri residents and advised that no claim of exemption from registration or exception from definition of a security existed in connection with these viatical settlement contracts.
61. It was requested that a response to the inquiry be received on or before March 9, 1999.
62. David Diehl's response was received by the Division on March 9, 1999, and stated, in part, as follows:

"I was an independent contractor of Principal Resources, contracted to sell Liberte Capital viaticals. Principal Resources was the exclusive marketing agent for Liberte Capital. All of my correspondence regarding Liberte was handled through Principal Resources including payment of my commissions. . . . I stopped sending new business to Principal Resources in May of last year when . . . the president of Principal Resources, asked

me to do so. He said there may be a problem in Missouri, but he did not inform me during our phone conversation nor in writing of the cease and desist order. I questioned Liberte about this and they said they were not obligated to inform me of the cease and decist [sic]. . . .”

63. On April 26, 1999, the Securities Division sent letters of inquiry via certified mail to Newman, Dunnaway, Eppenauer, Kusgen and Jonathan Diehl. These letters requested, among other things, information about the above-described sales of securities to Missouri residents and advised that no claim of exemption or exception from definition existed in connection with these securities.
64. On May 24, 1999, the Division received a response from Jonathan Diehl dated May 21, 1999. This response was substantially similar to David Diehl’s response mentioned above.
65. On May 27, 1999, the Division received an undated response from Newman. Newman’s response stated, among other things, that Newman had “not sold any Viatical Settlement contracts since 10-07-1998.”
66. The Division’s letter to Eppenauer was received and signed for by Eppenauer on April 27, 1999. To date, no response has been received from Eppenauer.
67. The letters sent to Dunnaway and Kusgen were both returned to the Division on May 13, 1999, marked “unclaimed.”
68. On or about May 14, 1999, the letters to Dunnaway and Kusgen were resent via regular mail. To date, those letters have not been returned and no response has been received from Dunnaway or Kusgen.
69. To date, Respondents have not filed a claim of exemption from registration or exception from definition upon which Respondents relied in selling unregistered securities in the State of Missouri.
70. On November 23, 1999, the Commissioner issued an Order to Cease and Desist against Liberte, among others, alleging that Liberte engaged in the fraudulent sale of unregistered securities to Missouri residents.
71. In connection with the sale of the above-mentioned securities to Missouri residents, Respondents omitted to state the following material facts:
  - a. The viatical settlement contracts sold by Respondents were not registered as securities in the State of Missouri.
  - b. Respondents were not registered to sell securities in the State of Missouri.



72. In connection with the sale of the above-mentioned securities to Missouri residents, Respondents misrepresented the following material facts:
- a. That investors in certain Liberte viatical settlement contracts would earn 2% interest per month and receive the return of principal at the end of the contestability period of the underlying insurance policies.
  - b. That investors in certain Liberte viatical settlement contracts would earn 9% interest annually and receive the return of principal at the end of one year.
73. This Order is in the public interest.

### CONCLUSIONS OF LAW

1. The viatical settlement contracts sold by Respondents constitute investment contracts.
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. 1998.

The viatical settlement contracts sold by Respondents constitute securities.

3. 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. 1998.

Respondents' conduct, as described in the above "Findings of Fact," constitute violations of Section 409.201(a), RSMo Cumulative Supp. 1998.

4. 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. 1998.

Respondents' sales of unregistered securities, as described in the above "Findings of Fact," constitute violations of Section 409.301, RSMo Cumulative Supp. 1998.

5. 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 agent constitutes an illegal practice under the statute.

Selling unregistered securities constitutes an illegal practice under the statute.

Omitting to state a material fact in connection with the sale of securities constitutes an illegal practice under the statute.

Misrepresenting a material fact in connection with the sale of securities constitutes an illegal practice under the statute.

6. The burden of proving an exemption or an exception from a definition is upon the person claiming it. Section 409.402(f), RSMo 1994.

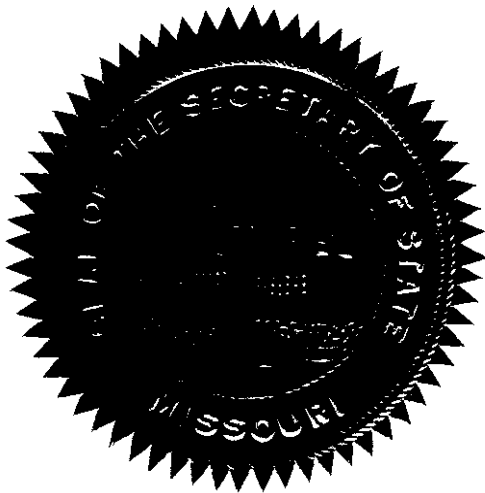
Respondents have failed to sufficiently prove an exemption from registration or an exception from the definition of a security.

7. 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. 1998.
8. Sufficient evidence exists to conclude that Respondents will continue such fraudulent and illegal practices.

**NOW, THEREFORE,** the Commissioner of Securities Orders that Timothy D. Newman, Shane Dunnaway, Raymond Eppenauer, Timothy Kusgen, David P. Diehl and Jonathan Diehl, 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. 1998.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 22 DAY OF December, 1999.



REBECCA MCDOWELL COOK  
SECRETARY OF STATE

A handwritten signature in black ink, appearing to read "Douglas F. Wilburn".

DOUGLAS F. WILBURN  
COMMISSIONER OF SECURITIES

**NOTICE:**

Respondents and any unnamed representatives aggrieved by this Order may request a hearing in this matter. Any request for a hearing should be sent, 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, 65102, within thirty (30) days of the receipt of this Order. Section 409.412(a), RSMo 1994 and MO 15 CSR 30-55.020.

# LIBERTE CAPITAL GROUP

# EXHIBIT A

## AGENCY AGREEMENT AND SPECIAL POWER OF ATTORNEY APPOINTMENT

THIS AGREEMENT is made and entered into by and between \_\_\_\_\_ (hereinafter referred to as PURCHASER) and LIBERTE CAPITAL GROUP (LCG) (hereinafter referred to as AGENT).

WHEREAS, AGENT is a company engaged in the location, qualification, administration and purchases, as AGENT, of life insurance policies (and related death benefits) of terminally ill persons on a discounted basis (which are hereinafter referred to as "Viatical Settlements"); and

WHEREAS, PURCHASER desires to fund one or more of such Viatical Settlements, and has reviewed and approved the underwriting criteria used by AGENT to evaluate and qualify such policies for Viatical Settlements;

THEREFORE, the parties hereby enter into a relationship of PURCHASER and AGENT whereby AGENT is authorized, pursuant to one or more PREFERENCE FORMS, to fund Viatical Settlement of qualified, terminally ill applicants on behalf of PURCHASER pursuant to the terms and conditions set forth herein.

1. AGENT shall locate and assist PURCHASER in the funding of Viatical Settlements selected by PURCHASER which comply with the following criteria:
  - a. Each policy must be incontestable and the insurance carrier must have a current rating of B+ (Very Good) or better from A.M. Best or a similar rating from an equivalent rating organization.
  - b. Each Insured must be diagnosed as terminally ill, with a predicted life expectancy between three and sixty months, and with a statistical confidence level of at least seventy percent.
2. PURCHASER acknowledges that AGENT has made available the opportunity to obtain information in order to evaluate the merits and risks of this relationship and the purchase of Viatical Settlements. PURCHASER represents and warrants that by reason of its business and financial experience, PURCHASER has the capacity to understand the purchases contemplated by this Agreement and to protect himself or herself with respect thereto. PURCHASER further represents that he/she has received the LIBERTE CAPITAL GROUP Brochure and is basing his/her decision to purchase Viatical Settlements solely upon the information and representations made therein. PURCHASER further acknowledges that the risks associated with Viatical Settlements include, but are not limited to, the following; (a) the insured may live longer (possibly much longer) than the life expectancy estimated by AGENT'S medical reviewer(s); and, (b) new and more successful medical interventions, including new and more effective drugs, may appear before the Insured dies, and such may extend the Insured's life, perhaps substantially (which may require additional escrow deposits for premiums, see paragraph 6); and (c) delay in learning of the Insured's death may lead to a delay in receiving payment of the death benefit on the Insured's life insurance; and (d) despite the fact that AGENT only considers life insurance policies issued by well rated insurance companies, receipt of the death benefit may be delayed or frustrated by the insolvency of the life insurance company at the time of the Insured's death and before the death benefit is collected (most states do have insolvency pools behind their life insurance companies).
3. PURCHASER hereby appoints AGENT as his or her true and lawful agent and attorney in fact to:
  - a. Enter into any agreements or contracts to facilitate the purchase of the Viatical Settlement(s) designated by PURCHASER'S PREFERENCE FORM attached hereto.
  - b. Complete any document reflecting the transfer of ownership collateral assignment, and/or irrevocable assignment of death benefits with the insurance carrier issuing the policy purchased in the Viatical Settlement.
  - c. Enter into escrow agreements with an independent escrow agent and give instructions with respect to same.
  - d. Direct escrow agent to disburse fees and commissions to LCG upon receipt of PURCHASER'S escrow deposit
  - e. Pay from a Premium Reserve Account (described in detail in paragraph 6 below) premiums that may be or based on any life insurance policy, that may be purchased, in whole or in part, with PURCHASER'S funds.
  - f. Do all other actions which, in Agent's sole discretion, may be necessary to facilitate the purchase of Viatical Settlement(s) which may include signing other contracts and agreements, for and on behalf of PURCHASER.
  - g. PURCHASER acknowledges that it is not the responsibility of the AGENT to report gains from the Viatical Settlement to the Internal Revenue Service for Income Tax purposes.
4. This SPECIAL POWER OF ATTORNEY shall convey NO OTHER AUTHORITY to AGENT other than as specifically set forth in subparagraphs 3(a)(b)(c)(d)(e)(f) and (g) above.
5. If for any reason AGENT is unable to locate a suitable Viatical Settlement for PURCHASER to acquire within sixty (60) days following the execution of this Agreement, then PURCHASER may request the return of his or her remaining funds by transmitting an original, notarized written request to Escrow Agent, with a copy transmitted to AGENT, with the exception of those funds of PURCHASER that have been allocated to a pending Viatical Settlement. Within five (5) business days of receiving such a written request, Escrow Agent shall return to the PURCHASER the remaining monies it is holding in the PURCHASER'S unallocated account.

6. AGENT shall establish a Premium Reserve Account (PRA) with the Escrow Agent, which shall hold and maintain in a single escrow account the premium reserves of all PURCHASERS. If an insured dies prior to the payment of the premium monies escrowed at the closing of the viatical sale of his or her life insurance policy, which are in amounts sufficient to pay premiums on the viaticated policy for two (2) times the insured's estimated remaining life expectancy, then any such remaining and excess escrowed funds shall remain in the collective PRA, where they will be available to pay premiums on other viaticated life insurance policies, if the PRA escrow of premiums of two (2) times estimated remaining life expectancy for any of those policies should be exhausted. If the PRA escrow of two (2) time premiums for the insured's estimated remaining life expectancy, plus excess PRA monies that were not used to pay premiums for other insureds prior to their deaths, should be completely exhausted, then PURCHASER would be called upon to pay any additional premiums that might become due prior to the death of the insured; however, this has never happened in the history of AGENT. AGENT and its Managing Director, Richard Jamieson, have been involved in the viatical settlement business since 1993, during which they have handled the sale of hundreds of viaticated life insurance policies, always escrowing monies at each closing to pay premiums on each purchased life insurance policy. Using this escrow method, neither AGENT nor Mr. Jamieson has ever had to ask any PURCHASER for additional funds to pay policy premiums. Therefore, based on historical experience, AGENT believes that the monies held in the PRA escrow will be sufficient to pay the premiums due on a life insurance policy bought by PURCHASER until the insured dies. In the unlikely, but theoretically possible, event that the PRA escrow funds are exhausted prior to the insured's death, PURCHASER may be required to deposit additional money into the PRA to keep the life insurance policy in force until the insured dies.
7. This agreement represents the entire and sole agreement between the parties hereto regarding their agency relationship. No other representation, agreement, or covenants, whether written or oral, shall govern such relationship.
8. This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia. For purposes of any legal action that may arise out of this Agreement or the performance by any party under its terms, PURCHASER consents to the jurisdiction and venue in the Superior Court of Gwinnett county.
9. PURCHASER acknowledges that he or she understands the meaning and legal consequences of the above representations and warranties. PURCHASER agrees to indemnify and hold harmless AGENT and its principals/representatives, officers, directors, agents and employees from any damage or liability due to or arising out of a breach of any representation or warranty made herein by PURCHASER.

PURCHASER'S NAME \_\_\_\_\_ S.S. # \_\_\_\_\_

CO-PURCHASER'S NAME \_\_\_\_\_ S.S. # \_\_\_\_\_

Purchaser's Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Phone # (\_\_\_\_) \_\_\_\_\_

\_\_\_\_\_  
Purchaser's Signature

\_\_\_\_\_  
Representative's Signature

Signed at: \_\_\_\_\_, on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

Representative's Name: \_\_\_\_\_ Representative's # \_\_\_\_\_