

CAUSE NO. D-1-GV-10-000454

STATE OF TEXAS  
*Plaintiff*

IN THE DISTRICT COURT OF

v.

RETIREMENT VALUE LLC,  
RICHARD H. "DICK" GRAY,  
HILL COUNTRY FUNDING, LLC  
a Texas Limited Liability Company,  
HILL COUNTRY FUNDING,  
a Nevada Limited Liability Company  
and, WENDY ROGERS  
*Defendants*

TRAVIS COUNTY, TEXAS

KEISLING, PORTER, KEISLING  
& FREE PC  
*Relief Defendant*

AND

JAMES SETTLEMENT SERVICES,LLC,  
RONALD L. JAMES, DONALD JAMES,  
MICHAEL BESTE, MILKIE/FERGUSON  
INVESTMENTS, INC., EDWARD  
MILKIE, DAN LEVIN, MANNY AIZEN,  
MARCO LOPEZ, GALLAGHER  
FINANCIAL GROUP, INC., W. NEIL  
("DOC") GALLAGHER, MICHAEL  
MCDERMOTT, SENIOR RETIREMENT  
PLANNERS, LLC, JAMES POE,  
FELLOWSHIP FINANCIAL LLC,  
MICHAEL EASTHAM, ESTATE  
PROTECTION PLANNING  
CORPORATION, SALVATORE  
MAGARACI, SECURED FINANCIAL  
STRATEGIES, LLC, REID H.  
THORBURN, BRIAN R. CERVENKA,  
NICHE INVESTMENT GROUP, LLC,  
EDMOND SANSING, DAMIEN  
PACHACEK, SHANE CORNETT,  
RAZOR FINANCIAL SERVICES, LLC,  
JAMES S. IKEY, BRIDY S. IKEY,  
SENIOR TEXAN ESTATE PLANNING

126th JUDICIAL DISTRICT

SERVICES, LLC, WILLIAM EVANS, §  
MIKE AHLERS, DARRILL S. BEEBE, §  
PC&S, LLC, GLOBAL ONE DIRECT, §  
LLC, DAVID A. SHIELDS, STEVEN §  
FEEKEN, JOSEPH T. DONNANTUONI, §  
FIRST COVENANT FINANCIAL §  
PARTNERS, LLC, PAUL BROST, DAVID §  
DOLPH, RONALD R. COLEMAN, §  
CHARLES DAVID GRAY, GARY §  
LENAHAM, EARL BROWN, MIOKE §  
GIVILANCZ, JR., KIP HARTMAN, §  
MICHAEL A. CASTELLANO, JOHN P. §  
FISH, JOEL FRANKLIN, W. JUSTIN §  
TITLE, DAVID RICE, JAMES WILLIAM §  
RASH, DAVID MATA, IAM FINANCIAL §  
SERVICES, INC., DAVID HERZOG, AND §  
SCOTT SCHROEDER, ELIZABETH §  
“LIZ” GRAY AND DAVID A. GRAY §  
*Third-Party Defendants* §

**THE HCF RECEIVER’S FIRST AMENDED CROSS-CLAIMS  
AND ORIGINAL THIRD-PARTY CLAIMS**

TO THE HONORABLE GISELA D. TRIANA-DOYAL,

Mr. Donald R. Taylor, in his capacity as receiver for Hill Country Funding LLC (Texas) and Hill Country Funding LLC (Nevada) (hereinafter collectively “HCF”), files these amended cross-claims against Defendants Catherine Gray, Richard H. “Dick” Gray, and Wendy Rogers and brings claims against Third-Party Defendants Elizabeth “Liz” Gray, David A. Gray, Reid Thorburn, Thorburn Financial Services LLC a/k/a 1st Things 1st Financial Services, James Settlement Services LLC, Ronald L. James, and Donald James. The Third-Party Defendants and Cross-Claims Defendants identified in this paragraph shall be referred to collectively as “Defendants.”

## I. DISCOVERY

1. Discovery is to be conducted under Level 3 of the Texas Rules of Civil Procedure and in accordance with a scheduling order to be agreed upon by the parties and/or approved by this Court. TEX. R. CIV. P. 190.4.

## II. PARTIES

2. Plaintiff Donald R. Taylor sues in his capacity as the court appointed receiver for Hill Country Funding LLC (Texas), a Texas limited liability company and Hill Country Funding LLC (Nevada), a Nevada limited liability company which was dissolved on February 23, 2009.

3. Cross-Claim Defendant Richard H. “Dick” Gray is a natural person and has already made an appearance in this proceeding. He is appearing *pro se* and may be served via electronic and first class mail.

4. Cross-Claim Defendant Catherine Gray is a natural person and has already made an appearance in this proceeding. She is appearing *pro se*. She may be served via electronic and first class mail.

5. Cross-Claim Defendant Wendy Rogers is a natural person and has already made an appearance in this proceeding. She may be served through her attorney of record Bogdan Rentea, of Rentea & Associates, at 1002 Rio Grande Street, Austin, Texas 78701.

6. Third-Party Defendant Elizabeth “Liz” Gray is a natural person without a designated agent for service in Texas. She may be served by serving the Secretary of State who should forward process to 4559 E. 107th Street, Tulsa, Oklahoma, 74137-6853.

7. Third-Party Defendant David A. Gray is a natural person without a designated agent for service in Texas. He may be served by serving the Secretary of State who should forward process to 4559 E. 107th Street, Tulsa, Oklahoma, 74137-6853.

8. Third-Party Defendant Reid Thorburn is a natural person and may be served at 1448 Long Creek Boulevard, New Braunfels, Texas 78130.

9. Third-Party Defendant Thorburn Financial Services, LLC, a/k/a 1st Things 1st Financial Services, is a Texas limited liability company and may be served through its registered agent, Reid Thorburn, at 1448 Long Creek Boulevard, New Braunfels, Texas 78130.

10. Third-Party Defendant James Settlement Services LLC is a Nevada limited liability company that may be served through its registered agent, Laughlin Associations, Inc., at 2533 N. Carson Street, Carson City, Nevada 89706.

11. Third-Party Defendant Ronald L. James is a California resident who may be served at 9 Burton Vista Court, Lafayette California, 94549.

12. Third-Party Defendant Donald James is a California resident who may be served at 9 Burton Vista Court, Lafayette California, 94549.

### **III. JURISDICTION AND VENUE**

13. This Court has jurisdiction because the amount in controversy is in excess of the minimal jurisdictional limits of this Court and pursuant to Article V, § 8 of the Texas Constitution and § 24.007 of the Government Code. TEX. CONST. art. V, § 8; TEX. GOV. CODE § 24.007.

14. Additionally, the Court has jurisdiction because several Defendants are residents of Texas.

15. Additionally, this Court's Agreed Permanent Injunction Order and Order Appointing Permanent Receiver as to Defendants Richard H. "Dick" Gray, Hill Country Funding, LLC and Hill Country Funding of April 26, 2011 provides that this Court has jurisdiction over this subject matter and shall retain jurisdiction of this action for all purposes. Order pp. 2, 19, Apr. 26, 2011.

16. Additionally, jurisdiction is proper because the Defendants contracted by mail or otherwise with Hill Country Funding LLC (Texas), which is a Texas resident, and either party was

to perform the contract in whole or in part in Texas. TEX. CIV. PRAC. & REM. CODE § 17.042(1).

17. Additionally, jurisdiction is proper because the Defendants committed torts in whole or in part in this state. TEX. CIV. PRAC. & REM. CODE § 17.042(2).

18. Additionally, jurisdiction is proper because James Settlement Services LLC, Ronald L. James, and Donald James have sufficient minimum contacts with Texas such that the maintenance of the suit here does not offend traditional notions of fair play and justice. James Settlement Services LLC, Ronald L. James, and Donald James purposefully directed their activities toward Texas; availed themselves of the benefits and privileges of conducting said activities in Texas; and the controversy arises out of or is related to their contacts with Texas. James Settlement Services LLC, Ronald L. James, and Donald James should have foreseen that their actions would cause injury in Texas.

19. Additionally, jurisdiction over James Settlement Services LLC is proper because it has continuing and systematic contacts in Texas.

20. Additionally, jurisdiction is proper because Elizabeth and David Gray have sufficient minimum contacts with Texas such that the maintenance of the suit here does not offend traditional notions of fair play and justice. Elizabeth and David Gray purposefully directed their activities toward Texas; availed themselves of the benefits and privileges of conducting said activities in Texas; and the controversy arises out of or is related to their contacts with Texas. Elizabeth and David Gray should have foreseen that their actions would cause injury in Texas.

21. Venue is proper pursuant to § 15.062 of the Texas Civil Practice and Remedies Code and this Court's Agreed Permanent Injunction Order and Order Appointing Permanent Receiver as to Defendants Richard H. "Dick" Gray, Hill Country Funding, LLC and Hill Country Funding of April 26, 2011. TEX. CIV. PRAC. & REM. CODE § 15.062; Order pp. 2, 19, Apr. 26, 2011.

#### IV. FACTS

22. This is a tragic story of an extensive fraudulent scheme designed to deprive unsophisticated, elderly people of their hard-earned money. Hill Country Funding LLC (Texas) and Hill Country Funding (Nevada) (collectively “HCF”) are but one iteration of the scheme; Defendant Retirement Value LLC (“RV”) was just the next in line.

23. Through HCF (as they had done through numerous other entities and under various aliases), the Defendants conspired to defraud investors through the sale of unregistered securities: fractionalized interests in purportedly bonded life settlements. Their misconduct rendered HCF insolvent and liable to the defrauded investors for the amounts invested. The HCF Receiver hereby seeks indemnification.

##### **A. HCF’s Place in Defendants’ Fraudulent Scheme**

24. In February of 2008, Dick Gray and his wife, Defendant Catherine Gray, formed HCF for the purpose of purchasing life settlements or stranger-owned life insurance policies (otherwise known as “STOLI” plans) for resale in the form of fractionalized interests.

25. Elizabeth “Liz” Gray, David A. Gray, and Wendy Rogers were officers and employees of HCF.

26. Reid Thorburn, a long-time associate of Dick Gray, and his company Thorburn Financial Services, LLC, a/k/a 1st Things 1st Financial Services, marketed and sold HCF investments.

27. James Settlement Services LLC, Ronald L. James, and Donald James (“James Defendants”) are in the business of supplying entities like HCF with STOLI plans. HCF was one of many entities the James Defendants sold STOLI plans to and with which the Defendants were associated. Before HCF, the Defendants had progressed through a variety of entities as they attempted to avoid regulators.

28. From the summer of 2005 through the spring of 2007, the Defendants sold interests in STOLI plans owned by a now-defunct entity that operated out of Redding, California: Secure Investments Services, LLC (“SIS-Redding”). The James Defendants sold the STOLI plans to SIS-Redding.

29. On or about August 23, 2007, the United States Securities and Exchange Commission (“SEC”) filed suit against SIS–Redding and its principals for violations of the federal securities act; essentially it was operating a *Ponzi* scheme. In 2010, the Texas Securities Board instituted an administrative action against Dick Gray for his involvement in the sale of these unregistered securities.

30. Throughout 2007, the Defendants sold interests in a STOLI plan that was also purchased from the James Defendants, this time by Secure Investment Services – Houston (“SIS-Houston”), which later became American Settlement Associates (“ASA”). The SEC also pursued litigation against ASA and its principals after they permitted a policy to lapse.

31. At the end of 2007, Dick Gray wanted to be selling his own policies, so he and his wife formed HCF. HCF purchased seven STOLI plans from James Settlement Services LLC.<sup>1</sup> The

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<sup>1</sup> HCF currently owns the following five policies:

- (a) John Hancock Life Insurance Co. Policy 59 885 442 (“John Hancock 442”);
- (b) John Hancock Life Insurance Co. Policy 59 708 305 (“John Hancock 305”);
- (c) Sun Life Insurance and Annuity Co. Policy 040 000 495 (“Sun Life 495”);
- (d) Sun Life Insurance and Annuity Co. Policy 040 000 652 (“Sun Life 652”); and
- (e) AXA Equitable Life Insurance Co. Policy 156 211 058 (“AXA 058”).

James Settlement Services sold all John Hancock and Sun Life policies to HCF between February and August of 2008. All of the John Hancock and Sun Life policies insure the same individual, who will be referred to only as “L.S.”

James Settlement Services sold the AXA 058 policy to HCF in June of 2009. The AXA 058 policy insures a different individual, who will be referred to only as “P.F.”

James Defendants supervised and advised HCF on selling fractionalized interests in these policies to individual investors.

32. James Settlement Services knowingly sold STOLI plans to HCF (and other similarly situated entities) at excessive prices and misrepresented their worth, instructing the Defendants to pass on these misrepresentations to investors. The policies were sold with Midwest Medical Review, LLC Life Expectancy Certificates (“MMR LE Certificates”) that fraudulently underestimated the death dates of the insureds, which artificially inflated the price and permitted the Defendants to promote their fractionalized sale as securities.

33. Defendants were marketing a classic *get-rich-quick* scheme. STOLI policies on insureds with shorter life expectancies are generally more valuable than those for insureds with longer life expectancies. A STOLI plan on an insured with a short life expectancy is essentially a prediction of a quick return. For STOLI plans on insureds with longer life expectancies, more premiums will have to be paid and the maturity date is farther away.

34. The James Defendants purposefully chose MMR over credible competitors so that they could use the shorter LEs to market the program to unsophisticated investors. The Defendants knew that the scheme depended on the shorter LEs that could only be obtained from MMR. Ronald James was the key link between HCF and MMR. On information and belief, the James Defendants were MMR’s biggest if not only client.

35. HCF overpaid for these policies because the Defendants knew that the low life expectancies (“LEs”) in the MMR LE Certificates would allow them to quickly sell fractional interests in these policies. The Defendants earned hundreds of thousands in commissions and fees from HCF in connection with the sale of these products.

36. Defendants marketed the investments as loans. HCF followed a familiar modus operandi, the same model that had been used by SIS–Redding and SIS–Houston a/k/a ASA. These investments were securities based on the anticipated proceeds of life insurance policies owned by HCF, but they were not registered as required by state securities law.

37. Elderly and unsophisticated individuals were invited to loan HCF money and in turn were promised a pro rata ownership interest in a specific STOLI plan that HCF had purchased from the James Defendants.

38. The investments were marketed as “[a] ‘Secure Money’ Idea” and a no-risk investment. They were purportedly secured by bonds issued by Provident Capital Indemnity, Ltd. of Costa Rica (“Provident Capital”); Internazionale SpA out of Genoa, Italy; Union Credit Finazaria SpA out of Torino, Italy; and Condor Guaranty, Inc. out of Freeport, Grand Bahamas. The HCF investors were told that if the insured lived past the life expectancy in the MMR LE Certificate, plus a certain number of months, the relevant bonding company would pay out.

39. Investors were promised either (1) a portion of proceeds from the death benefits upon the death of the insured; (2) a portion of the sums recovered from the bonding company in the event the insured lived past the life expectancy plus a certain number of months; or (3) specified monthly interest payments and the return of their principle to be paid at the death of the insured or the maturity of the bond. Investors were promised returns of between 7% and 12%.

40. In truth, these investments were anything but secure. As noted, the Defendants had taken part in numerous iterations of this scheme with various entities that had failed miserably. MMR LEs were routinely and significantly understated, meaning that the purported anticipated maturity dates of these investments were well off. The bonds were no help. These were illegitimate companies and Defendants knew and had significant reason to know that they would not pay out.

Unsurprisingly, the bonding companies have not responded to the HCF Receiver's requests for assurances of performance.

**B. The HCF Investments were Unregistered Securities**

41. The Defendants caused HCF to engage in the sale of unregistered securities in violation of the "blue skies" laws of Texas.

42. An investment in HCF's program is an investment contract, and therefore a security under the Texas Securities Act. It is a scheme involving an investment of money in a common enterprise with profits coming solely from the efforts of others. HCF executed all the managerial efforts required to make the program a success, e.g., it negotiated the amount to pay for the policies, decided upon the amount and frequency of premium payments, managed the premium funds, made the premium payments, and paid administrative costs. The investors were purely passive participants and expected profits to be derived solely from the efforts of HCF.

43. Additionally, the HCF investments are notes or other evidence of indebtedness as defined under Texas's securities laws. The HCF investment contract is called a "loan" and contains all the usual features of a note. The HCF investors were called upon to provide money to HCF in exchange for HCF's promise to repay that amount of money plus a fixed return at an undetermined future date. The investors were solely interested in the profit they expected to generate from the loan.

**C. Fraud in the Sale of the Investments**

**1. Midwest Medical Review's Life Expectancies**

44. As discussed above, the MMR LE Certificates fraudulently underestimated the death dates of the insureds and thereby falsely inflated their worth, permitting the James Defendants to charge exorbitant prices to HCF. Indeed, one report shows that MMR's *actual-to-expected* performance

was 42% as compared to 90%+ performance of other major LE providers.

45. The HCF investors were provided with the same (or parts of the same) MMR LE Certificates that were delivered to HCF with the policies when it acquired them from the James Defendants.

46. At the time the HCF investments were marketed and sold, the Defendants knew or should have known that the analyses provided by Midwest Medical Review, LLC (“MMR”) were not accurate and that MMR consistently and significantly underestimated the death dates of insureds.

47. MMR was a company owned and managed by Mr. George Kindness, who at the time the HCF investments were marketed and sold had already been indicted on twenty-two counts involving conspiracy and fraud in the branding and adulteration of drugs. Additionally, the indictment alleged that Mr. Kindness had misrepresented himself as a medical doctor. Mr. Kindness pled guilty and is a convicted felon and was such at the time the MMR-supported HCF investments were marketed and sold.

48. More importantly, MMR’s predecessor, AmScot Medical, and George Kindness had already been previously accused in numerous cases of providing inaccurate life expectancies that incorrectly and falsely predicted the dates that the insureds would die. The James Defendants were also involved in the AmScot schemes.

49. Additionally, investors were misled as to what these LEs actually meant. The LEs provided by MMR were median life expectancies, that is they estimated the age at which 50% of those statistically similar to the insured are expected to die and 50% will remain alive. HCF’s investors were not told that the MMR LE was a median but were only told that the MMR LEs were between 85% and 95% accurate. Even if the MMR LEs were accurate—which they were not—they should have been represented as predicting only 50% likelihood that the insured would

die at the predicted LE, not 85%-95%.

## **2. Bogus Bonding Companies**

50. Additionally, at the time the HCF investments were sold Defendants knew or had significant reason to know that the bonds were not reliable. The bonded model was similar to the SIS–Redding business model. In fact, SIS–Redding also used Provident Capital to secure its own STOLI plans. As early as 1992, Provident Capital had been subjected to state regulatory actions involving fraud.

51. In November of 2006 the Insurance Commissioner of Texas had entered a cease and desist order against Provident Capital, an entity whose control person Harold Maridon, who by then had already been convicted of mail and wire fraud. This was followed in January of 2008, by the entry of a cease and desist order by the Texas Securities Commissioner.

52. In September of 2008, Dick Gray filed an Undertaking with the Securities Commissioner in connection with the actions the Securities Board had taken against Provident Capital. Dick Gray, and HCF acting through Dick Gray, agreed to notify all persons who invested in HCF that was related to any bond or insurance procured from Provident Capital and to offer to rescind any transaction with such persons.

## **3. Other Misrepresentations**

53. The investors were told that their funds would be preserved in escrow by a purportedly independent third-party fiduciary, an entity called Tax Lawyers Exchange. The HCF investors were told that Tax Lawyers Exchange would be receiving and distributing all client funds to purchase the policies and bonds, to make premium payments, and to handle the payment of other administrative expenses all through an escrow account at Pacific Northwest Title Co. The HCF investors were told that their money would be used to purchase the particular life insurance

policies and the bonds they had elected to invest in, and to pay the premiums on those same policies as they became due until the insured died or the bonds matured.

54. In actuality, the investor funds were not maintained in escrow. The HCF investors' funds were maintained in HCF bank accounts and managed by Defendants Dick Gray and Wendy Rogers.

55. The HCF investors were told that money in an amount sufficient to pay the future premium payments through the life expectancy and the bond waiting period would be put aside. This did not occur. The HCF investors' funds were used for improper personal purchases and regularly commingled not only amongst the HCF investments but between RV and HCF. The funds were used to pay premiums on any account that needed paying, to pay out interest payments to those that selected the monthly-interest-payment model, to finance RV's start-up costs and make other RV payments, and/or to cover commissions, fees, or others expenses.

56. RV and HCF's assets were commingled from the moment RV was created in 2009 and throughout 2010. Between February of 2009 and April of 2010, just under \$2 million in cash was shared between RV and HCF accounts. Such transactions occurred one or two times a month. The transactions varied from the relatively miniscule payment of the other's printing bills to inexplicable transfers of \$20,000, \$300,000, \$600,000, and \$1,000,000. Because of the commingling of funds there is no connection between an investor's selection of a policy and the use of his or her funds.

57. Despite the assurances made to investors that funds would be properly maintained in order to pay the premiums through the bond maturity date and used only for specified purposes related to the particular policies they invested in, the HCF funds were improperly expended. HCF's current funds are insufficient to pay the anticipated premiums through the life expectancy dates, and

certainly insufficient to pay through the bond maturity dates.

58. In addition to these other misrepresentations, the Defendants failed to disclose their regulatory rap-sheets and those of the businesses and entities with which they associated.

## V. CAUSES OF ACTION

### A. Breach of Fiduciary Duty, Aiding and Abetting Breach Of Fiduciary Duty, and Conspiracy

59. Defendants Dick Gray, Catherine Gray, Wendy Rogers, Elizabeth Gray, David A. Gray, and Reid Thorburn, as members, managers, officers, agents, and employees of HCF, and/or in virtue of their special relationship with HCF, owed fiduciary duties of loyalty and care to HCF.

60. The James Defendants owed fiduciary duties of loyalty and care to HCF in virtue of their special relationship with HCF.

61. By the foregoing actions and omissions Defendants breached said fiduciary duties.

62. All Defendants conspired and agreed to breach their fiduciary duties and to engage in a general scheme to defraud the investor-victims and illegally sell unregistered securities.

63. These breaches resulted in significant injury to HCF and its investors and benefited the Defendants. The acts complained of herein were committed in bad faith and not in the exercise of reasonable business judgment.

64. Because of the willful nature of their misconduct, the HCF Receiver seeks punitive and exemplary damages as allowed by law. Because their conduct violated Texas Penal Code § 32.46, TEX. PEN. CODE § 32.46, statutory caps on exemplary damages do not apply.

65. All Defendants engaged in affirmative acts to further the goals of the conspiracy, knowingly induced the others to breach their fiduciary duties, and participated in said breaches. Defendants are therefore jointly and severally liable for all losses.

**B. Fraudulent Transfer**

66. The Defendants were all insiders of HCF. At all relevant times, HCF was insolvent, i.e. the sum of its debts exceeded the value of assets and/or HCF was (and remains) unable to pay its debts as they become due.

67. With actual intent to hinder, delay, or defraud HCF's creditors, HCF monies were transferred from HCF to the Defendants.

68. HCF funds were transferred to Defendants without HCF receiving reasonable equivalent value in return and at a time when either (a) HCF was engaged or was about to engage in business transactions for which its remaining assets were unreasonably small in relation to the business or transaction; or (b) HCF intended, or reasonably should have believed that it would incur debts beyond its ability to pay as they became due.

69. Without receiving reasonably equivalent value in exchange, HCF funds were transferred to Defendants when HCF was insolvent or HCF became insolvent as a result of said transfers.

70. Said transfers constitute violations of the Texas Uniform Fraudulent Transfer Act and HCF has been damaged as a result and is entitled to avoid these transfers and recover the sums from the Defendants.

**C. Money Had and Received**

71. Defendants hold money which in equity and good conscience belong to HCF. Based on the conduct outlined above, Defendants are in possession of funds belonging to HCF and the circumstances are such that it would be inequitable for Defendants to retain those funds. The HCF Receiver is entitled to recover the money HCF paid to Defendants.

72. Because there is evidence of fraud and malice, the HCF Receiver is entitled to exemplary damages.

**D. Negligence**

73. The Defendants owed HCF a duty to use reasonable care. By the foregoing actions and omissions, the Defendants breached their respective duties of care. These breaches resulted in significant injury to HCF and its investors.

**E. Punitive Damages**

74. The Defendants willingly and actively participated in breaches of fiduciary duties, the fraudulent sale of unregistered securities, the commission of securities fraud, and gross negligence. Their grossly negligent, malicious, and fraudulent conduct warrants an award of punitive damages. Because their conduct violated Texas Penal Code § 32.46, TEX. PEN. CODE § 32.46, statutory caps on exemplary damages do not apply.

**F. Attorney Fees**

75. The HCF Receiver has been required to hire the undersigned attorneys to bring this suit and to pay them a reasonable fee that HCF is entitled to recovery under the Texas Uniform Fraudulent Transfer Act.

76. The HCF Receiver seeks reasonable and necessary attorney's fees, costs, and expenses resulting from this lawsuit, the filing of which was necessitated by the fraud and conspiracies complained of herein.

**VI. JURY DEMAND**

77. The HCF Receiver has demanded a jury trial and tendered any appropriate fee with prior pleadings.

## VII. PRAYER

78. The HCF Receiver requests Third-Party Defendants James Settlement Services LLC, Ronald L. James, and Donald James, Elizabeth Gray, David A. Gray, and Reid Thorburn, be cited to appear and answer herein. Cross-Claim Defendants Wendy Rogers, Richard Gray, and Catherine Gray have already made an appearance. The HCF Receiver requests that it have judgment against the Defendants and be awarded the following:

- a. all actual, consequential damages, special, punitive, and exemplary damages;
- b. pre- and post-judgment interest; and
- c. all such other and further relief, whether at law or in equity, to which HCF may show itself justly entitled.

Respectfully submitted,

**TAYLOR DUNHAM, L.L.P.**  
301 Congress Avenue, Suite 1050  
Austin, Texas 78701  
Telephone: (512) 473-2257  
Facsimile: (512) 478-4409  
iantongiorgi@taylordunham.com

By: 

Isabelle Antongiorgi  
State Bar No. 24059386

Attorneys for HCF Receiver Donald R. Taylor

## CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing document was served on the following attorneys and pro se individuals by delivering a true and correct copy as indicated by the Court's electronic service system, or first class mail on this the 1<sup>st</sup> day of November, 2011, as follows:

Jack Hohengarten  
Assistant Attorney General of Texas  
Financial Litigation Division  
P.O. Box 12548  
Austin, Texas 78711-2548  
*Attorneys for Plaintiff*

Bogdan Rentea  
Rentea & Associates  
1002 Rio Grande Street  
Austin, Texas 78701  
*Attorneys for Wendy Rogers*

Richard H. "Dick" Gray  
Catherine H. Gray  
301 Main Plaza, # 349  
New Braunfels, Texas 78130  
[legalfoodfight@yahoo.com](mailto:legalfoodfight@yahoo.com).  
*Pro Se*

Lee Vickers  
Martinec, Winn, Vickers & McElroy, P.C.  
600 Congress Avenue, Suite 500  
Austin, Texas 78701  
*Attorneys for Clark Thomas*

**Via first-class mail**

Matthew Nielsen  
Spencer C. Barasch  
Andrews Kurth, LLP  
1717 Main St Ste 3700  
Dallas, TX 75201  
[matthewnielsen@andrewskurth.com](mailto:matthewnielsen@andrewskurth.com)  
[sbarasch@andrewskurth.com](mailto:sbarasch@andrewskurth.com)  
*Attorneys for Relief Defendant Kiesling Porter*

Patrick S. Richter  
Shannon, Gracey  
98 San Jacinto Blvd., Ste. 300  
Austin, Texas 78701-4245  
[prichter@shannongracey.com](mailto:prichter@shannongracey.com)  
*Attorneys for Intervenors Grant W. and Opal E. Bejeck*

Albert Garcia  
Garcia Martinez, L.L.P.  
5211 W. Mile 17 1/2 Road  
Edinburg, TX 78541  
[albert@garmtzlaw.com](mailto:albert@garmtzlaw.com)  
[Adrian@garmtzlaw.com](mailto:Adrian@garmtzlaw.com)  
*Attorneys for Intervenor Ladell Harrison*  
**Via first-class mail**

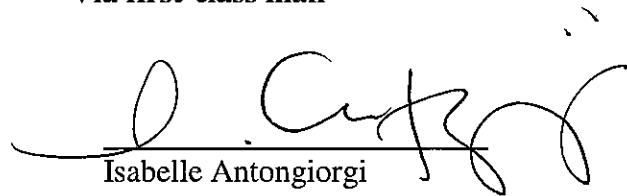
Terry Scarborough  
Geoffrey Weisbart  
Hance Scarborough  
111 Congress Ave Ste 500  
Austin, TX 78701-4043  
[tscarborough@hslawmail.com](mailto:tscarborough@hslawmail.com)  
[gweisbart@hslaw.com](mailto:gweisbart@hslaw.com)  
*Attorneys for Intervenors Dr. G Cain, B. Edelstein and Ovest III Master Fund, LLC*

R. James George, Jr.  
John W. Thomas  
George & Brothers, L.L.P.  
114 W. Seventh, Suite 1100  
Austin, Texas 78701-3015  
*Attorneys for Receiver of Retirement Value,*

Michael Napoli  
K&L Gates LLP  
1717 Main Street Suite 2800  
Dallas, Texas 75201-4681  
Mary Schaerdel Dietz

*LLC*  
**Via first-class mail**

K&L Gates LLP  
111 Congress Avenue, Suite 900  
Austin, Texas 78701  
*Attorneys for Receiver of Retirement Value,*  
*LLC*  
**Via first-class mail**



Isabelle Antongiorgi