

OFFICE OF INSURANCE REGULATION

KEVIN M. McCARTY
COMMISSIONER

IN THE MATTER OF:

Case Number: 90164-07

LIFE PARTNERS, INC.

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between LIFE PARTNERS, INC. (hereinafter referred to as "LIFE PARTNERS"), and the OFFICE OF INSURANCE REGULATION, (hereinafter referred to as the "OFFICE"). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter of and parties to this proceeding, pursuant to Section 626.9912, Florida Statutes.
2. LIFE PARTNERS is a Texas corporation formed in 1991.
3. In 2000, LIFE PARTNERS became a wholly owned subsidiary of Life Partners Holdings, Inc., a publicly owned company with its stock traded on the NASDAQ stock exchange under the symbol LPHI.
4. LIFE PARTNERS is registered in the State of Texas as a viatical and life settlement provider.

5. Neither LIFE PARTNERS, nor Life Partners Holdings, Inc., has ever been licensed by the OFFICE, or submitted an application for licensure to the OFFICE, as a viatical settlement provider pursuant to Section 626.9912, Florida Statutes.

6. Section 626.9912(1), Florida Statutes, states: "A person may not perform the functions of a viatical settlement provider as defined in this act or enter into or solicit a viatical settlement contract without first having obtained a license from the office."

7. LIFE PARTNERS filed annual reports with the State of Texas Department of Insurance ("Texas DOI") stating that it purchased 39 insurance policies from Florida viators in 2002; 55 policies from Florida viators in 2003; 50 policies from Florida viators in 2004; 28 policies from Florida viators in 2005; 22 policies from Florida viators in 2006; and 21 policies from Florida viators in 2007.

8. LIFE PARTNERS asserts that its 2002-2007 annual reports to Texas DOI reported transactions with Florida resident viators based on the Texas law definition of "viator." LIFE PARTNERS disputes the number of reported transactions which involved Florida resident "viators" as that term is defined under Florida law.

9. LIFE PARTNERS' purchases of life insurance policies from Florida viators were transacted on forms that have not been filed and approved by the Office.

10. LIFE PARTNERS has filed an action in the U.S. District Court for the Northern District of Florida, Life Partners v. McCarty, Case No. 4:07-CV-147-RH/WS, contesting the OFFICE's jurisdiction to take action against LIFE PARTNERS' for its alleged unlicensed viatical settlement transactions on unapproved forms with Florida resident viators.

11. The OFFICE and LIFE PARTNERS expressly waive an administrative hearing in this matter, the making of Findings of Fact and Conclusions of Law by the OFFICE and all further and other proceedings herein to which the parties may be entitled by law.

12. LIFE PARTNERS hereby knowingly and voluntarily waives all rights to challenge or to contest this Consent Order, in any forum now available, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

13. LIFE PARTNERS denies that it has violated any provision of Florida law or other applicable law, rule or regulation or that it is subject to the OFFICE's jurisdiction as a result of the activities described in paragraphs 7 and 9 of this Consent Order. Nothing contained in this Consent Order shall in any way be used as an admission of liability by LIFE PARTNERS, or as an admission of any violation by LIFE PARTNERS of any law, regulation or rule of the State of Florida.

14. LIFE PARTNERS hereby acknowledges that executing this Consent Order does not entitle LIFE PARTNERS to a Florida Viatical Settlement Provider license.

15. The OFFICE, by execution of this Consent Order, does not recognize that LIFE PARTNERS' prior alleged unlicensed viatical settlement provider activity was legal under provisions of the Florida Insurance Code and Florida Viatical Settlement Act.

16. To resolve all matters related to LIFE PARTNERS' alleged unlicensed viatical transactions that occurred prior to the date of execution of this Consent Order, LIFE PARTNERS agrees that upon the execution of this Consent Order it shall be subject to the following terms and conditions:

- a. LIFE PARTNERS shall pay a settlement amount of \$750,000.00 (seven hundred fifty thousand dollars) and costs in the amount of \$20,000.00 (twenty

thousand dollars), for a total of \$770,000.00 (seventy hundred seventy thousand dollars), on or before the 10th business day after this Consent Order is executed.

b. LIFE PARTNERS shall henceforth comply with all of the provisions of the Florida Insurance Code and the Florida Administrative Code and shall not conduct any viatical settlement provider transactions or any other related transactions which require a license, registration, or certificate of authority from the OFFICE unless and until such license, registration, or certificate of authority is issued by the OFFICE.

c. LIFE PARTNERS shall voluntarily dismiss with prejudice all administrative and civil actions that it has initiated against the OFFICE, including but not limited to: Life Partners v. McCarty, U.S. District Court for the Northern District of Florida, Case No. 4:07-CV-147-RH/WS.

d. Except as noted above, each party to this action shall bear its own costs and attorney's fees.

17. Any time following execution of this Consent Order, LIFE PARTNERS may apply for a Florida viatical settlement provider license, pursuant to the Florida Insurance Code and the Florida Viatical Settlement Act. By executing this Consent Order the OFFICE does not represent that such an application will be approved. However, the OFFICE agrees that it shall not disapprove or refuse to accept LIFE PARTNERS' application for licensure as a viatical settlement provider on the grounds that LIFE PARTNERS has entered into this Consent Order or that it engaged in any unlicensed

viatical settlement transactions that occurred prior to the date of execution of this Consent Order.

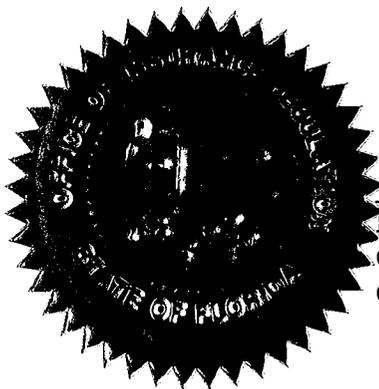
18. LIFE PARTNERS agrees that the failure to adhere to one or more of the terms and conditions of this Consent Order shall constitute a violation of a lawful Order of the OFFICE, and shall subject LIFE PARTNERS to such administrative action as the OFFICE may deem appropriate.

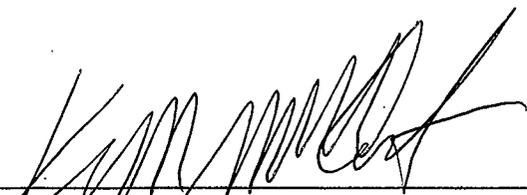
19. The parties agree that this Consent Order will be deemed to be executed when the OFFICE has executed a copy of this Consent Order bearing the signature of LIFE PARTNERS or its authorized representative, notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically or by facsimile transmission. LIFE PARTNERS agrees that the signature of its authorized representative affixed to this Consent Order shall be under the seal of a Notary Public.

20. WHEREFORE, the agreement between LIFE PARTNERS and the OFFICE, the terms and conditions of which are set forth above, is approved.

FURTHER, all terms and conditions above are hereby ORDERED.

DONE AND ORDERED this 23rd day of JULY 2009.



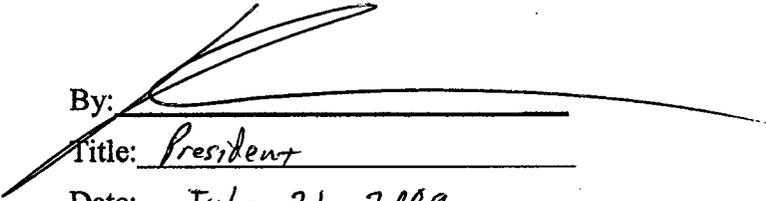


KEVIN M. McCARTY
Commissioner
Office of Insurance Regulation

By execution hereof, LIFE PARTNERS, INC. consents to entry of this Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that he or she has the authority to bind LIFE PARTNERS, INC. to the terms and conditions of this Consent Order and the information provided therein.

LIFE PARTNERS, INC.

Corporate Seal

By: 

Title: President

Date: July 21, 2009

County of McHennan

State of Texas

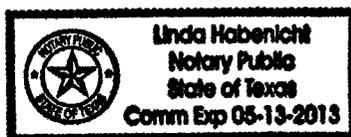
On July 21, 2009 before me, Linda Habenicht, personally appeared Scott Peden, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person or the entity upon whose behalf the person acted, executed the instrument.

Subscribed and sworn to before me this 21 day of July, 2009.

Signature Linda Habenicht
(Signature of Notary Public)

[NOTARIAL SEAL]

My Commission Expires: 5-13-2013



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