BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of ADLEY HUSNI ABDULWAHAB, a/k/a/ ADLEY WAHAB,	ORDER OF PROHIBITION AND REVOCATION (SUMMARY)
Respondent.	File No. S-209619 (EX)

Based upon the attached Petition for Order, I have reason to believe that any further offer or sale of unregistered securities by or on behalf of the Respondent would be fraudulent to purchasers, and I find that this action is necessary and appropriate in the public interest and for the protection of investors;

Therefore, pursuant to § 551.61(2), Wis. Stats.,[1]

IT IS ORDERED THAT:

a. Adley Husni AbdulWahab, a/k/a Adley Wahab, his agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on his behalf, are prohibited from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Ch. 551, Wis. Stats., or successor statute.

b. All exemptions from registration set forth at Ch. 551, Wis. Stats., or successor statute, that might otherwise apply to any offer or sale of any security of or by Adley Husni AbdulWahab, a/k/a Adley Wahab, his agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on his behalf, are hereby revoked.

c. Adley Husni Abdul Wahab, a/k/a AdleyWahab, his agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on his behalf, are prohibited from violating § 551.501, Wis. Stats. (2007-08), or successor statute.

EXECUTED at Madison, Wisconsin, this 7th day of July, 2011.

(SEAL)

Patricia D. Struck
Administrator
Division of Securities

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[1] Unless otherwise noted, all statutory references are to the Wisconsin Statutes (2005-06), which were in effect at the time of the violations alleged and apply pursuant to § 551.703, Wis. Stats. (2007-08).

NOTICE:

This Order is effective on the date it is issued. Any person subject to the Order may request a hearing in the form of a written petition for hearing as provided in §§ DFI-Sec. 8.01, Wis. Adm. Code. If no hearing is requested, this Order will become final by operation of law 30 days the Order was issued.

You are advised that any willful violation of an Order issued by the Administrator of the Division of Securities under Ch. 551, Wis. Stats., is a criminal offense punishable under the provisions of § 551.508, Wis. Stats. (2007-08).

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of	PETITION FOR ORDER (SUMMARY)
ADLEY HUSNI ABDULWAHAB, a/k/a ADLEY WAHAB, Respondent.	File S-209619 (EX)

The staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities (hereinafter "the Division"), has conducted an investigation in this matter pursuant to § 551.56, Wis. Stats.[1], and as a result thereof alleges as follows:

1. Adley Husni Abdulwahab, also known as Adley Wahab ("Wahab"), is an individual born in July, 1975, who was at all relevant times an agent of and at most relevant times an owner, officer and/or controlling person of the A&O companies, with a business address at the A&O companies, and a home address of 3007 E. Lake Falls Circle, Spring, Texas 77386.

2. The A&O companies are collectively the following foreign business entities, founded by Allmendinger and Oncale in 2004, and of which Wahab acquired an ownership interest in approximately November, 2006 and White in September, 2007: A&O Life Fund, LP; A&O Bonded Life Assets, LLC; A&O Bonded Life Assets Management, LLC; A&O Bonded Life Settlements, LLC; A&O Bonded Life Settlements Management, LLC; A&O Life Fund, LLC; A&O Life Fund Management, LLC; Life Fund 5.1, LLC; Life Fund 5.1 Management, LLC; Life Fund 5.2, LLC; and Life Fund 5.2 Management, LLC. A&O Life Fund, LP is a foreign business entity with a last known business address of 2 Riverway, Houston, Texas 77056, and the parent company and sole shareholder of the other A&O companies.

3. Christian M. Allmendinger ("Allmendinger") is an individual who at all relevant times until September, 2007 was an owner, officer and/or controlling person of the A&O companies, with a business address at the A&O companies and a home address of 209 Glenwood Drive, Houston, Texas 77007.

4. Brent P. Oncale ("Oncale") is an individual who at all relevant times was an owner, officer and/or controlling person of the A&O companies, with a business address at the A&O companies and a home address of 9125 Chatsworth Drive, Houston, Texas 77024.

5. David C. White ("White") is an individual who at all relevant times after August 31, 2007, was an owner, officer and/or controlling person of the A&O companies, with a business address at the A&O companies and a last known home address of 3907 Chestnut Bend, Missouri City, Texas 77549.

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[1] Unless otherwise noted, the statutory references are to the Wisconsin Statutes (2005-06), which were in effect at the time of the violations alleged herein and apply pursuant to § 551.703, Wis. Stats. (2007-08).

6. During 2007, agents of Allmendinger, Oncale, Wahab and White offered and sold investment contract securities of the A&O companies to at least eight persons in Wisconsin.

7. Pursuant to the offering materials the investors in Wisconsin received, "... The principal objective of the Company is to use the Company's assets to acquire a portfolio of life insurance policies in the life settlement after-market. In general, the Company will purchase life insurance policies in the life settlement after-market on numerous insured individuals of sixty-five (65) years of age or older ("Seniors") who have a life expectancy between two (2) to ten (10) years. The Manager will also attempt to control risk through the diversification of investments. ... The Company was formed to invest in and manage a diversified portfolio of life settlement policies in order to combine in a single investment vehicle the returns potentially offered by life settlement investment with the statistical mitigation of maturity risk that a managed pool of multiple and diversified life settlement policies can offer...."

8. The A&O companies' securities have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.

9. On September 7, 2010, a federal grand jury in the United States District Court for the Eastern District of Virginia, Richmond Division, indicted Allmendinger and Wahab on charges of mail fraud (and conspiracy to commit mail fraud), money laundering (and conspiracy to commit mail fraud), and securities fraud in stealing $103 million from at least 800 investors of the A&O Companies. A superseding indictment was filed against Wahab on February 1, 2011, alleging seven counts each of mail fraud/conspiracy and money laundering/conspiracy, and four counts of securities fraud. A copy of the superseding indictment is attached hereto as Exhibit 1.

10. On June 10, 2011, a jury found Wahab guilty of six counts of mail fraud/conspiracy, six counts of money laundering/conspiracy, and three counts of securities fraud. A copy of the verdict form is attached hereto as Exhibit 2.

11. Wahab's actions as set forth in Exhibit 1 and for which he was convicted in Exhibit 2 violated § 551.41(1), Wis. Stats., by employing a device, scheme or artifice to defraud in connection with the offer and sale of securities to persons in Wisconsin.

12. Wahab's actions as set forth in Exhibit 1 and for which he was convicted in Exhibit 2 violated § 551.41(2), Wis. Stats., by omitting 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, in connection with the offer and sale of securities to persons in Wisconsin.

13. Wahab's actions as set forth in Exhibit 1 and for which he was convicted in Exhibit 2 violated § 551.41(3), Wis. Stats., by engaging in an act, practice or course of business that operates or would operate as a fraud upon another person in connection with the offer and sale of securities to persons in Wisconsin.

Therefore, the staff of the Bureau of Enforcement petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.

Dated this _____ day of July, 2011.

Mark E. Dorman
Examiner

Leslie Van Buskirk
Attorney Supervisor

FILED
FEB - 1 2011
CLERK, U.S. DISTRICT COURT
RICHMOND, VA

IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF VIRGINIA

Richmond Division

	CRIMINAL NO. 3:10CR248
	Count 1 Mail Fraud Conspiracy (18 U.S.C. § 1349)
UNITED STATES OF AMERICA	
v.	Counts 2 – 7 Mail Fraud (18 U.S.C. § 1341)
CHRISTIAN M. ALLMENDINGER,	
ADLEY H. ABDULWAHAB, and	Count 8 Money Laundering Conspiracy
DAVID C. WHITE,	(18 U.S.C. § 1956(h))
Defendants.	Counts 9 – 14 Money Laundering (18 U.S.C. § 1956(a)(1)(A)(i))
	Counts 15 – 18 Securities Fraud (15 U.S.C. §§ 77q(a) and 77x)
	Forfeiture Notice (18 U.S.C. §§ 981, 982)

February 2011 Term – At Richmond

SUPERSEDING INDICTMENT

THE GRAND JURY CHARGES THAT:

At all times relevant to this Indictment, unless otherwise stated:

Exhibit 1

GENERAL ALLEGATIONS

The Conspirators

1. Defendant CHRISTIAN M. ALLMENDINGER was an individual residing in Houston, Texas who was a part owner of a number of businesses that acquired and marketed life settlements to investors. These businesses included, but were not limited to: A&O Resource Management, Ltd.; A&O Capital Management, LLC; Houston Tanglewood Partners, LLC; A&O Bonded Life Assets, LLC; A&O Bonded Life Assets Management, LLC; A&O Life Fund, LLC; A&O Life Fund Management, LLC; A&O Life Funds, LP; Life Fund 5.1, LLC; Life Fund 5.1 Management, LLC; Life Fund 5.2, LLC; Life Fund 5.2 Management, LLC; AB Revocable Living Fund, LLC; and AB Revocable Living Fund Management, LLC (collectively referred herein as "A&O"). ALLMENDINGER held the title of Vice-President of A&O and was active in the day-to-day management of the companies, as well as in the marketing of A&O life settlement investment products to investors.

2. Defendant ADLEY H. ABDULWAHAB was an individual residing in Spring, Texas, who owned and operated a company named CA Houston Investment Center ("HIC") that marketed A&O's life settlement investment products to investors. In addition, ABDULWAHAB eventually became a part owner of A&O and was active in the day-to-day management of the companies.

3. Defendant DAVID C. WHITE was an individual residing in Missouri City, Texas, who eventually became the President of A&O.

4. Brent P. Oncale was an individual residing in Houston, Texas, who was a part owner of A&O. Oncale held the title of Vice-President of A&O and was active in the day-to-day

management of the companies, as well as in the marketing of A&O life settlement investment products to investors.

5. Russell E. Mackert was an attorney residing in Spring, Texas, who performed legal services for A&O.

Background of Life Settlements

6. A life settlement is an investment in which a person, who is typically elderly or terminally ill, sells his life insurance policy for a cash payment, which is a percentage of the life insurance policy's face value or death benefit. The "face value" or "death benefit" is the amount of money paid by the insurance company when the insured dies. Life settlement companies typically purchase life insurance policies from insured individuals.

7. Once the insured sells an insurance policy, the insured is no longer responsible for paying the policy's premiums. To keep the policy in force, the life settlement company must ensure any premiums are paid. All premiums due prior to the death of the insured must be paid, in full and on a timely basis, to prevent additional cost or lapse.

8. A policy is said to have "matured" when the insured individual dies and the insurance company is required to pay the death benefit to the designated parties, that is, the "beneficiaries." But if an insurance policy lapses for any reason, such as failure to pay premiums, the policy's death benefit and any investment dependent on that benefit may be lost.

9. Life settlement companies often sell fractionalized interests in life insurance policies as investments to individual investors. In such sales, investors are buying the right to receive a portion of the death benefit when the insured dies. The sale of fractional interests

allows investors to invest smaller amounts of money, because each investor does not have to pay for the whole policy.

10. Investors who purchase life settlements only realize a profit if the total amount invested in the policy, including the purchase price and any additional premium costs, is less than the amount of the death benefit. A life settlement is not profitable if the expenses of acquiring and maintaining the policy (including the amount of premiums that are paid) are more than the amount of the death benefit paid when the insured dies. Typically, the longer an insured lives, the more expensive it is to maintain a life settlement.

11. The period of time that the insured is predicted to live is called the "life expectancy." In the purchase and sale of life settlements, the assessment of an insured's life expectancy is used to determine, among other things: (a) how much money needs to be set aside to pay future premiums; (b) when the investor can expect to receive a payout on his or her investment; and, (c) the amount of profit the investor can expect to receive.

12. The risk to the life settlement investor of the insured living past the calculated life expectancy – and thereby reducing the expected return on the investment – is often referred to in the industry as "maturity risk" or "longevity risk."

A&O's Bonded Life Settlements

13. Beginning in or about November of 2004, defendant ALLMENDINGER and Brent Oncale founded A&O as equal partners. A&O obtained life settlements from a wholesale life settlement company, and began marketing and selling whole and fractionalized interests in those life settlements to investors. The A&O investments were referred to as Bonded Life Settlements.

14. A&O initially marketed Bonded Life Settlements directly to investors, but also soon began using defendant ABDULWAHAB's marketing company, HIC, and independent sales agents to market the investments. Many of A&O's sales agents were insurance salesmen and not licensed to sell securities. A&O paid substantial commissions to HIC and to independent sales agents, usually 10% of every Bonded Life Settlement investment, to incentivize HIC and the sales agents to make sales.

15. A&O's Bonded Life Settlements were fixed maturity investments with a term of four to seven years, depending on the length of investment chosen by the individual investors.

16. A&O marketed the Bonded Life Settlements as providing a "guaranteed" minimum compounded annual rate of return, typically 10% or 12% depending on the amount of the initial investment, with the possibility of greater returns.

17. The primary distinction between A&O's Bonded Life Settlement investment and typical life settlements was A&O's claim that it could guarantee the investment against longevity risk by obtaining a reinsurance bond from a third-party reinsurer. A&O promised that if the insured lived beyond the investment term, then the reinsurance company would pay the agreed-to minimum rate of return and assume ownership of the underlying insurance policy (as well as assume the obligation to pay future premiums).

18. One of the primary risks of life settlement investments is the possibility that the underlying insurance policies will lapse due to failure to pay premiums. In that situation, the insurance company has no obligation to pay the death benefit when the insured dies. Because the reinsurance bonds obtained by A&O required that the underlying insurance policies be in full force and effect at the time of any claim on the bonds, the reinsurance company also would have

no obligation to pay if the policies lapsed due to non-payment of premiums. Consequently, A&O investors risked losing their entire investments if the underlying insurance policies lapsed for non-payment of premiums.

19. To assuage investors' potential concerns regarding the risk of the underlying insurance policies lapsing, A&O and its sales agents informed investors that A&O would use a portion of investor funds to pay all future premiums due on the underlying insurance policies for the entire length of the investment period. Specific representations to investors regarding how the future premiums would be paid varied over time, but included: (a) that the premiums would be paid "up front," *i.e.*, at the time of investors' initial investments; (b) that sufficient investor funds to cover future premiums would be maintained in an escrow account and paid over time; and, (c) that sufficient investor funds to cover future premiums would be maintained by A&O in a "premium reserve" bank account and paid over time. These representations were designed to lead investors to believe that A&O set aside sufficient investor funds to pay premiums to ensure that the underlying policies did not lapse, and that these funds were not commingled with A&O's general operating funds.

20. A&O provided sales agents with instruction on the Bonded Life Settlements and tips on how to market it to investors. In addition, A&O created a website and marketing materials for its sales agents to distribute to potential investors in an effort to generate sales. A&O's website and marketing materials not only explained A&O's Bonded Life Settlements, but also included specific representations regarding A&O's management and past success.

21. Examples of A&O's representations to investors in its website and marketing material included:

a. A&O's website in or about July of 2005 stated that A&O was a privately held corporation headquartered in Houston with offices in San Antonio, San Francisco, and Los Angeles.

b. A&O's website in or about July of 2005 stated that A&O had over 150 employees nationwide that included Certified Public Accountants, insurance and securities attorneys, financial advisors, investment bankers, and economists.

c. A&O's website in or about April of 2006 stated that A&O had a national staff of over 250 people that included Certified Public Accountants, insurance and securities attorneys, financial advisors, investment bankers, and economists.

d. A&O's website in or about April of 2006 stated that A&O's past efforts had enabled its clients to leverage $375 million into $800 million in less than five years with a compounded annual rate of return of 16.58%.

e. A&O's website and marketing literature in or about 2005 through 2007 contained a graphical flowchart of A&O's use of investor funds that depicted investor funds being deposited into an escrow account and then premium payments being made from the escrow account.

A&O's Capital Appreciation Bonds

22. In or about November of 2006, because ABDULWAHAB was responsible for a substantial portion of A&O's sales to investors, ALLMENDINGER and Oncale invited ABDULWAHAB to become an equal owner in A&O. ABDULWAHAB accepted the offer and ALLMENDINGER, ABDULWAHAB, and Oncale agreed that they would each share equally in the management and profits of A&O.

23. By the late fall of 2006, various state securities and insurance regulators began scrutinizing A&O's investment offerings and making enquiries to A&O's management regarding those offerings. Among other things, these regulators were concerned that A&O's offerings were unregistered securities.

24. In response, in part, to increasing regulatory scrutiny from state securities and insurance regulators, ALLMENDINGER, ABDULWAHAB, and Oncale agreed that A&O would establish hedge funds that would sell securities backed by life settlements to individual investors.

25. To assist it in establishing the hedge funds, A&O consulted with legal counsel – herein referred to as "Law Firm A" – to advise it regarding the sale of securities. At a meeting attended by ALLMENDINGER, ABDULWAHAB, and Oncale in or about November of 2006, Law Firm A informed A&O that due to the legal restrictions on the sale of these unregistered securities: (a) ABDULWAHAB, as a fund manager, could sell the securities to his pre-existing clients, but could not sell the securities to new clients; (b) ALLMENDINGER and Oncale could not sell the securities because they were not fund managers; and, (c) other than fund managers, the only other individuals authorized to sell A&O's securities would be registered representatives of broker-dealers with appropriate securities licenses.

26. Starting in or about January of 2007, A&O no longer offered the Bonded Life Settlements in which investors were assigned a fractionalized or whole ownership interest in a specific life insurance policy. Instead, A&O began offering investments referred to as Capital Appreciation Bonds.

27. A&O's Capital Appreciation Bonds were securities that were general obligations of the company and were securitized by a portfolio of life settlements. That is, unlike investors

in A&O's Bonded Life Settlements, investors in A&O's Capital Appreciation Bonds did not invest in one specific underlying life insurance policy but, instead, were promised a minimum rate of return backed by a pool of underlying life insurance policies.

28. A&O informed its independent sales agents, most of whom were not licensed to sell securities, that the agents were really selling the same investment because the Capital Appreciation Bonds had a fixed investment term with a guaranteed minimum rate of return, and the underlying pool of life insurance policies continued to have the additional security of reinsurance bonds from the third-party reinsurer.

29. A&O continued to pay its independent sales agents substantial commissions, usually 10% of every Capital Appreciation Bond investment, to incentivize the agents to sell its new investment product.

30. To facilitate the sales of its Capital Appreciation Bonds, A&O also continued creating marketing materials and providing them to its sales agents for distribution to potential investors. For example, in a sales insert entitled "A&O History," A&O claimed that it had offices in Houston, Chicago, Wilmington, Glendale, and Ft. Lauderdale, as well as an internal staff of 27 people. In that same insert, A&O claimed that its efforts had enabled its clients to leverage $579 million into $1.2 billion in less than five years.

31. In addition to the marketing material, A&O also gave its sales agents Private Offering Memoranda ("POM") to provide to investors that wanted to invest in A&O's Capital Appreciation Bonds. A&O's POM informed investors that 95% of investor funds received by A&O would be invested by A&O in purchasing and maintaining a portfolio of life settlements.

The "Sale" of A&O

32. By the summer of 2007, various state securities and insurance regulators increasingly scrutinized A&O investment offerings. A&O retained outside legal counsel – herein referred to as "Law Firm B" – to advise it regarding these state regulatory enquiries and to help A&O respond to them. As part of its legal representation of A&O, Law Firm B informed ALLMENDINGER, ABDULWAHAB, and Oncale that A&O could not continue to sell its securities through its independent sales agents who were not licensed to sell securities.

33. In or about August of 2007, motivated, in part, by their desire to avoid the increasing regulatory scrutiny of their individual involvement in the A&O investment offerings, ALLMENDINGINGER, ABDULWAHAB, and Oncale decided to sell A&O.

34. Unbeknownst to ALLMENDINGER, ABDULWAHAB and Oncale enlisted the assistance of attorney Russell E. Mackert, who had previously performed legal services for A&O, to create a sham sales transaction whereby A&O would be "sold" to an offshore entity named Blue Dymond Capital Group, LLC, ("Blue Dymond") located in Nevis.

35. Blue Dymond was secretly owned and controlled by ABDULWAHAB and Oncale. The effect of the sham sales transaction was twofold. First, it allowed ABDULWAHAB and Oncale to eliminate ALLMENDINGER as their partner in A&O. Second, it allowed ABDULWAHAB and Oncale to limit their individual exposure to the ongoing regulatory scrutiny as they could claim that they no longer owned A&O.

36. On or about August 31, 2007, ALLMENDINGER, ABDULWAHAB, and Oncale signed the sale agreement in which they agreed to sell A&O to Blue Dymond.

37. In consultation with ABDULWAHAB and Oncale, Mackert actively facilitated the sham sales transaction to Blue Dymond by: (a) finding and secretly purchasing the Nevis-based Blue Dymond, which was merely a shell corporate entity; (b) creating a fictional person named "RJ Stephenson" to serve as Blue Dymond's purported representative; (c) having someone sign "RJ Stephenson's" signature on behalf of Blue Dymond on the sales contract; (d) allowing ABDULWAHAB and Oncale to secretly deposit funds into Mackert's trust account; (e) using those funds to pay ALLMENDINGER his portion of the sales price; and, (f) hiring an acquaintance to pretend to perform due diligence on behalf of Blue Dymond for the sham sale transaction.

38. Soon after the sham sales transaction to Blue Dymond, ABDULWAHAB, Oncale and Mackert created another shell company to "purchase" Blue Dymond. Mackert set up a second Nevis-based shell corporate entity named Physician's Trust, LLC ("Physician's Trust"), which purportedly acquired A&O.

39. Like Blue Dymond, Physician's Trust also was secretly owned and controlled by ABDULWAHAB and Oncale. The effect of this second sham transaction – for which no sale contract was actually executed – was that ABDULWAHAB and Oncale were further hidden from regulatory scrutiny.

40. In or about September of 2007, ABDULWAHAB and Oncale, on behalf of Physician's Trust, hired yet another law firm – herein referred to as "Law Firm C" – to provide legal advice regarding the enquiries A&O had received from various state regulators.

41. In or about September of 2007, ABDULWAHAB and Oncale, despite purporting to have no ownership role in A&O, arranged for defendant WHITE to become the "figurehead"

President of A&O. WHITE was portrayed to regulators, Law Firm C, and others as having responsibility for the management of A&O. In actuality, ABDULWAHAB and Oncale continued to manage and control A&O with Mackert's guidance and advice.

42. In or about September of 2007, ABDULWAHAB, Oncale, and WHITE met with attorneys from Law Firm C to discuss state regulatory enquiries of A&O's investment offerings. At the meeting, the attorneys informed ABDULWAHAB, Oncale, and WHITE that A&O was legally prohibited from continuing to sell unregistered securities. In addition, the attorneys told ABDULWAHAB, Oncale, and WHITE that there was the potential for individual civil and criminal liability if A&O ignored Law Firm C's legal advice. WHITE subsequently led Law Firm C to believe that A&O had heeded the legal advice and had ceased its investment sales.

43. In the fall of 2007, Law Firm C responded to various state regulatory enquiries into A&O's investment offerings. Among the regulators' concerns were: (a) the fact that ABDULWAHAB had pleaded guilty to felony forgery in 2004, which had not been disclosed to A&O's investors; (b) the regulators' inability to determine who currently owned and operated A&O; and, (c) questions regarding A&O's ability to continue to make premium payments on the underlying insurance policies so that the policies did not lapse.

44. In response to the regulators' concerns and based on information provided by ABDULWAHAB, Oncale, and WHITE, Law Firm C told regulators that: (a) ABDULWAHAB was no longer an owner or manager of A&O; (b) ABDULWAHAB, ALLMENDINGER, and Oncale ceased having ownership and control of A&O at the time of the sale of A&O to Physician's Trust; (c) A&O had sufficient funds in premium reserve bank accounts to pay the

premium payments on the underlying insurance policies for the term of the investments; and, (d) A&O had ceased its sales of investment products.

45. A&O stopped accepting investor funds in or about January of 2008.

46. Despite Law Firm C's assurances, state regulators continued to investigate A&O's investment offerings. In or about February of 2008, WHITE was interviewed by state securities regulators regarding A&O. In response to questions regarding the adequacy of A&O's funds to pay premiums and the current ownership of A&O, WHITE stated that: (a) A&O had more than sufficient funds to pay premiums in its premium reserve accounts; (b) RJ Stephenson was the principal of Physician's Trust, which owned A&O; and, (c) WHITE had personally spoken with RJ Stephenson on the phone.

47. Following WHITE's meeting with regulators, A&O transferred approximately $4.6 million into third-party escrow accounts. This money was purportedly for the payment of premiums on the underlying insurance policies to ensure that the policies did not lapse. Soon thereafter, WHITE's role as the "figurehead" President of A&O ended.

48. In or about March of 2008, a company owned and controlled by Russell Mackert entered into a management agreement with Physician's Trust. In that agreement, Mackert agreed to monitor the premium payments on the underlying insurance agreements for A&O and to work with an auditing firm to deliver an audit letter to investors each year. The management agreement was purportedly signed by RJ Stephenson on behalf of Physician's Trust.

49. Mackert subsequently hired an accounting firm to prepare audit letters that were sent to investors. Mackert informed the accounting firm that: (a) there were sufficient funds in the escrow accounts to pay all future premium payments for the duration of the investments; (b)

the escrow funds were deposited with the escrow agent as part of the sale of A&O; (c) the current owners asked the prior owners to determine the necessary amount to pay all of the required premium payments in the future; and, (d) this determination was the basis for the amount of funds deposited into escrow.

50. In or about June of 2008 through in or about December of 2008, pursuant to Mackert's management agreement, the accounting firm prepared letters containing Mackert's representations regarding the sufficiency and genesis of the escrow accounts. The letters subsequently were mailed to investors. The purpose of these letters was to reassure investors about the safety and security of their investments in A&O's products.

51. Despite A&O's representations to investors regarding the safety of its investment offerings, on or about September 2, 2009, due to A&O's inability to pay premiums on the underlying life insurance products, Mackert placed the majority of A&O into Chapter 11 bankruptcy.

52. Due to A&O's marketing efforts, and the representations contained in its marketing materials and made by its independent sales agents, A&O obtained approximately $100 million in investor funds from more than 800 investors, many of whom were elderly. These investors were located in approximately 37 different states, including in the Eastern District of Virginia, and in Canada.

COUNT ONE

(Conspiracy to Commit Mail Fraud)

THE CONSPIRACY

53. The allegations set forth in paragraphs 1 through 52 of this Indictment are realleged and incorporated as though set forth in full herein.

54. From in or about November of 2004 through the present, within the Eastern District of Virginia and elsewhere, defendants

CHRISTIAN M. ALLMENDINGER,
ADLEY H. ABDULWAHAB, and
DAVID C. WHITE

did unlawfully and knowingly combine, conspire, confederate, and agree with each other and others, both known and unknown, to commit an offense against the United States, namely having devised and intending to devise a scheme and artifice to defraud and to obtain money and property by means of material false and fraudulent pretenses, representations, and promises, did knowingly: (a) place and cause to be placed in any post office and authorized depository for mail matter, any matter and thing whatever to be sent and delivered by the Postal Service; (b) deposit and cause to be deposited any matter and thing whatever to be sent and delivered by any private and interstate commercial carrier; and, (c) cause to be delivered by mail and private and interstate commercial carrier any matter and thing whatever according to the direction thereon, in violation of Title 18, United States Code, Section 1341.

PURPOSE

55. A purpose of the conspiracy was to mislead investors regarding A&O's safekeeping and use of investor funds and the risks of A&O's investment offerings, in order to obtain investor funds so that the conspirators could personally profit.

MANNER AND MEANS

56. ALLMENDINGER, ABDULWAHAB, WHITE, and their co-conspirators made, and caused to be made, numerous material misrepresentations and omissions designed to mislead investors regarding A&O, the risks of A&O's investment offerings, and A&O's safekeeping and use of investor funds.

57. Based on material misrepresentations and omissions by ALLMENDINGER, ABDULWAHAB, and their co-conspirators, A&O's investors were led to believe that A&O had a proven track record of investment success in life settlements. For example, while A&O was offering Bonded Life Settlements, investors were told that A&O's past efforts had enabled its clients to leverage $375 million into $800 million in less than five years with a compounded annual rate of return of 16.58%. In addition, while A&O was offering Capital Appreciation Bonds, investors were told that A&O's past efforts had enabled its clients to leverage $579 million into $1.2 billion in less than five years. In truth and fact, virtually none of A&O's investors made any money on their A&O life settlement investments because only one relatively small underlying life insurance policy matured during A&O's investment offerings.

58. Based on material misrepresentations and omissions by ALLMENDINGER, ABDULWAHAB, and their co-conspirators, A&O's investors were led to believe that A&O was a large investment company that had office locations in multiple states. For example, in A&O's

sales insert entitled "A&O History," A&O claimed that it had offices in Houston, Chicago, Wilmington, Glendale, and Ft. Lauderdale. In truth and fact, A&O only had one office location, which was in Houston, Texas.

59. Based on material misrepresentations and omissions by ALLMENDINGER, ABDULWAHAB, and their co-conspirators, A&O's investors were led to believe that A&O had a large staff of professionals. For example, A&O claimed on its website at various times that it had over 150 employees nationwide, including certified public accountants, insurance and securities attorneys, financial advisors, investment bankers, and economists. In truth and fact, A&O never had more than four employees, and these employees provided secretarial and administrative support, rather than professional services.

60. Based on material misrepresentations and omissions by ALLMENDINGER, ABDULWAHAB, WHITE, and their co-conspirators, A&O's investors were led to believe that their money would be deposited into escrow accounts that would be utilized for the purchase of life settlements, the purchase of reinsurance bonds, and the payment of future premiums due for the underlying life insurance policies. In truth and fact, the escrow accounts were almost never utilized for any of these purposes and had no practical business purpose other than to reassure A&O's investors about the safety and legitimacy of their investments. The escrow accounts were merely pass-throughs; almost all A&O investor funds ultimately were commingled in A&O's bank accounts, over which ALLMENDINGER, ABDULWAHAB, WHITE, and other co-conspirators had control.

61. Based on material misrepresentations and omissions by ALLMENDINGER, ABDULWAHAB, WHITE, and their co-conspirators, A&O's investors were led to believe that a

portion of their investment would be set aside and used to pay all future premiums due for the underlying insurance policies for the term of their investments either up-front, from an escrow account, or from a premium reserve account. In truth and fact, A&O did not pay premiums up-front and did not set aside a portion of investor funds to pay the necessary future premiums. Instead, A&O commingled investor monies with its general operating funds, and ALLMENDINGER, ABDULWAHAB, and their co-conspirators routinely used these funds for their personal enrichment. The conspirators' personal use of investor funds resulted in A&O using new A&O investor monies to pay premiums associated with life settlements pledged to earlier A&O investors.

62. Based on material misrepresentations and omissions by ALLMENDINGER, ABDULWAHAB, and their co-conspirators, A&O's investors were led to believe that A&O's investment offerings were guaranteed or had little to no risk. For example, in an A&O recorded sales presentation, when asked whether there was any way that an A&O client could lose money, ALLMENDINGER and another co-conspirator stated that the main risk of the A&O investment was that the A+ rated life insurance company that issued the insurance policy would default. In truth and fact, due to the conspirators' personal use of investor funds, one of the primary risks of the A&O investments was that the underlying life insurance policies would lapse for non-payment of premiums.

63. Based on material misrepresentations and omissions by ALLMENDINGER, ABDULWAHAB, WHITE, and their co-conspirators contained in A&O's POM, investors in A&O's Capital Appreciation Bonds were led to believe that 95% of investor funds received by A&O would be invested by A&O in purchasing and maintaining a portfolio of life settlements.

In truth and fact, it was impossible for A&O to invest 95% of investor funds as described in the POM because ALLMENDINGER, ABDULWAHAB, WHITE, and their co-conspirators were paying sales agents commissions of approximately 10% for every sale. In addition, ALLMENDINGER, ABDULWAHAB, WHITE, and their co-conspirators failed to inform A&O Capital Appreciation Bond investors that the majority of investor money was used by the conspirators for purposes wholly unrelated to purchasing and maintaining portfolios of life settlements.

64. Based on material misrepresentations and omissions by ABDULWAHAB and WHITE, investors in A&O's Capital Appreciation Bonds were never informed that ABDULWAHAB, who was the fund manager for each of the A&O-related hedge funds issuing the Capital Appreciation Bonds, had been charged with and pleaded guilty to forgery of a commercial interest in Texas in 2004.

65. In addition to the above described material misrepresentations and omissions to investors during A&O's investment offerings, part of the manner and means of the conspirators' scheme to defraud consisted of lulling investors after A&O had ceased selling its investment offerings to avoid detection of the scheme.

66. Based on material misrepresentations and omissions by Mackert – with ABDULWAHAB's knowledge and approval – investors were led to believe that funds sufficient to pay all future premiums for the term of their investment had been placed in escrow as part of the sale of A&O. In truth and fact, A&O did not place funds into escrow at the time of the sham sales transaction and only did so six months after the sale in response to pressure from regulators.

67. Based on material misrepresentations and omissions by ABDULWAHAB, WHITE, and other conspirators, investors were led to believe that the sale of A&O had resulted in ABDULWAHAB and Oncale no longer having ownership or control over A&O. In truth and fact, ABDULWAHAB and Oncale continued to own and operate A&O after the sham sales transaction.

68. In addition to the above described material misrepresentations and omissions to investors, part of the manner and means of the conspirators' scheme to defraud consisted of misleading A&O's outside counsel and state regulators regarding A&O's investment offerings in order to continue taking in new investor monies and to avoid detection of the scheme.

69. Based on material misrepresentations and omissions by ABDULWAHAB, Law Firm A was led to believe that ABDULWAHAB had never been charged with a felony or misdemeanor involving fraud, wrongful taking of property, or forgery. In truth and fact, ABDULWAHAB had been charged with and pleaded guilty to forgery of a commercial interest in Texas in 2004.

70. Based on material misrepresentations and omissions by ABDULWAHAB, Law Firm A was led to believe that A&O was not paying commissions for sales of Capital Appreciation Bonds to individuals who lacked the appropriate licenses to sell securities. In truth and fact, A&O routinely paid sales agents, who lacked the appropriate licenses, commissions to sell A&O's Capital Appreciation Bonds. In addition, A&O misled these sales agents by telling them that they did not need licenses to sell Capital Appreciation Bonds.

71. Based on material misrepresentations and omissions by ALLMENDINGER, Law Firm B was led to believe that only individuals with the appropriate licenses to sell securities

were selling A&O's Capital Appreciation Bonds. In truth and fact, A&O routinely used sales agents that lacked the appropriate licenses to sell A&O's Capital Appreciation Bonds.

72. Based on material misrepresentations and omissions by ALLMENDINGER, Law Firm B was led to believe that premiums for the underlying life insurance policies were either paid up-front or were paid from a designated premium reserve account for the term of the investment. In truth and fact, A&O commingled investor monies with its general operating funds, and ALLMENDINGER, ABDULWAHAB, and their co-conspirators routinely utilized these funds for their personal enrichment.

73. Based on material misrepresentations and omissions contained in an affidavit filed by ABDULWAHAB, state securities regulators were led to believe that A&O sold its investments either through ABDULWAHAB's personal contacts or through individuals with the appropriate licenses, and that A&O did not pay commissions to non-licensed sales representatives for the sale of its securities offerings. In truth and fact, A&O routinely paid sales agents, who lacked the appropriate licenses, commissions to sell A&O's Capital Appreciation Bonds.

74. Based on material misrepresentations and omissions by ABDULWAHAB, WHITE, and other conspirators, Law Firm C and state regulators were led to believe that ABDULWAHAB and Oncale had no ownership or management role in A&O after the "sale" of A&O to Blue Dymond and Physician's Trust. In truth and fact, ABDULWAHAB and Oncale continued to own and operate A&O after the sham sales transaction.

75. Based on material misrepresentations and omissions by WHITE and other conspirators, Law Firm C and state regulators were led to believe that A&O had stopped its life

settlement investment offerings in or about October, 2007. In truth and fact, A&O continued taking in millions of dollars of new investor monies until in or about January, 2008.

76. As part of the scheme to defraud, A&O routinely used United States mail and private mail carriers to send marketing materials, investment documentation, POMs, correspondence with state regulators, and sales commission checks. A&O also routinely caused mailings through United States mail and private mail carriers, including investment policies and investor checks. Many of these mailings came to or from the Eastern District of Virginia.

(All in violation of Title 18, United States Code, Section 1349.)

COUNTS TWO THROUGH SEVEN

(Mail Fraud)

77. The allegations contained in paragraphs 1 through 52, and 55 through 76 of this Indictment are realleged and incorporated as though set forth in full herein.

78. On or about the respective dates shown below, each such date constituting a separate count of this Indictment, within the Eastern District of Virginia and elsewhere, the defendants listed below, and others, for the purposes of executing the scheme and artifice to defraud described above and to obtain money and property by means of material false and fraudulent pretenses, representations, and promises, did knowingly: (a) place and cause to be placed in any post office and authorized depository for mail matter, any matter and thing whatever to be sent and delivered by the Postal Service; (b) deposit and cause to be deposited any matter and thing whatever to be sent and delivered by any private and interstate commercial carrier; and, (c) cause to be delivered by mail and private and interstate commercial carrier any matter and thing whatever according to the direction thereon, the following:

Count	Defendant(s)	Date	Mailing
2	CHRISTIAN M. ALLMENDINGER and ADLEY H. ABDULWAHAB	6/21/06	A package containing the Bonded Life Settlement contract for investor C.C., to be delivered, via Federal Express, from A&O's office in Houston, Texas, to sales agent T.B. in Richmond, Virginia.
3	CHRISTIAN M. ALLMENDINGER and ADLEY H. ABDULWAHAB	6/22/07	A package containing a signed copy of an A&O Capital Appreciation Bond, with a bond maturity amount of $1,057,405, to be delivered, via Federal Express, from A&O's office in Houston, Texas, to sales agent T.B. for investor F.S. in Richmond, Virginia.

4	CHRISTIAN M. ALLMENDINGER and ADLEY H. ABDULWAHAB	7/17/07	A package containing a signed copy of an A&O Capital Appreciation Bond certificate, with a bond maturity amount of $55,878, to be delivered, via Federal Express, from A&O's office in Houston, Texas, to investor R.J. in Richmond, Virginia.
5	ADLEY H. ABDULWAHAB and DAVID C. WHITE	11/23/07	A package containing an investor check – in the amount of $115,000 from investors J.B. and B.B. – to be delivered, via Federal Express, from sales agent T.B. in Richmond, Virginia, to A&O's office in Houston, Texas.
6	ADLEY H. ABDULWAHAB and DAVID C. WHITE	12/07/07	A package containing copies of two checks – in the amounts of $157,104 and $89,314 – for the benefit of investor M.S. to be delivered, via Federal Express, from sales agent T.B. in Richmond, Virginia, to A&O's office in Houston, Texas.
7	ADLEY H. ABDULWAHAB	12/10/08	A package containing a letter from A&O's accounting firm, to be delivered, via United States Postal Service, from Houston, Texas, to investor R.W. in Richmond, Virginia.

(All in violation of Title 18, United States Code, Sections 1341 and 2.)

COUNT EIGHT

(Conspiracy to Commit Money Laundering)

79. The allegations contained in paragraphs 1 through 52, and 55 through 76 of this Indictment are realleged and incorporated as though set forth in full herein.

80. From in or about November of 2004 through the present, within the Eastern District of Virginia and elsewhere, defendants

CHRISTIAN M. ALLMENDINGER,
ADLEY H. ABDULWAHAB, and
DAVID C. WHITE

and others, did unlawfully and knowingly combine, conspire, confederate, and agree with each other and others, both known and unknown, to commit an offense against the United States, namely to knowingly conduct and attempt to conduct financial transactions affecting interstate and foreign commerce, which involved the proceeds of specified unlawful activity, that is mail fraud, in violation of 18 U.S.C. § 1341, with the intent to promote the carrying on of specified unlawful activity, that is mail fraud, in violation of 18 U.S.C. § 1341, and that while conducting and attempting to conduct such financial transactions knew that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(A)(i).

(All in violation of Title 18, United States Code, Section 1956(h).)

COUNTS NINE THROUGH FOURTEEN

(Money Laundering)

81. The allegations contained in paragraphs 1 through 52, and 55 through 76 of this Indictment are realleged and incorporated as though set forth in full herein.

82. On or about the respective dates shown below, each such date constituting a separate count of this Indictment, within the Eastern District of Virginia and elsewhere, the defendants listed below, and others, did knowingly conduct and attempt to conduct financial transactions affecting interstate and foreign commerce, which involved the proceeds of specified unlawful activity, that is mail fraud, in violation of 18 U.S.C. § 1341, with the intent to promote the carrying on of specified unlawful activity, that is, mail fraud, in violation of 18 U.S.C. § 1341, and that while conducting and attempting to conduct such financial transactions knew that the property involved in the financial transactions represented the proceeds of some form of unlawful activity.

Count	Defendants	Date	Description
9	CHRISTIAN M. ALLMENDINGER and ADLEY H. ABDULWAHAB	11/28/06	Transfer of approximately $21,331, via check drawn on HIC's Wells Fargo bank account No. ####9506, to sales agent T.B. in Richmond, Virginia, as a commission payment for the sale of an A&O Bonded Life Settlement to an investor.
10	CHRISTIAN M. ALLMENDINGER and ADLEY H. ABDULWAHAB	1/26/07	Transfer of approximately $250, via check drawn on A&O's Wells Fargo bank account No. ####2369, to the Virginia Division of Securities in Richmond, Virginia as a filing fee payment related to the sale of A&O's Capital Appreciation Bonds in Virginia.

11	CHRISTIAN M. ALLMENDINGER and ADLEY H. ABDULWAHAB	7/2/07	Transfer of approximately $48,000, via check drawn on HIC's Wells Fargo bank account No. ####9506, to sales agent T.B. in Richmond, Virginia, as a commission payment for the sale of an A&O Capital Appreciation Bond to an investor.
12	ADLEY H. ABDULWAHAB and DAVID C. WHITE	11/15/07	Transfer of approximately $30,734, via check drawn on A&O's Wells Fargo bank account No. ####2369, to sales agent T.B. in Richmond, Virginia, as a commission payment for the sale of an A&O Capital Appreciation Bond to an investor.
13	ADLEY H. ABDULWAHAB and DAVID C. WHITE	12/17/07	Transfer of approximately $22,469, via check drawn on A&O's Wells Fargo bank account No. ####2369, to sales agent T.B. in Richmond, Virginia, as a commission payment for the sale of an A&O Capital Appreciation Bond to an investor.
14	ADLEY H. ABDULWAHAB and DAVID C. WHITE	12/31/07	Transfer of approximately $43,969, via check drawn on A&O's Wells Fargo bank account No. ####2369, to sales agent T.B. in Richmond, Virginia, as a commission payment for the sale of an A&O Capital Appreciation Bond to an investor.

(All in violation of Title 18, United States Code, Sections 1956(a)(1)(A)(i) and 2.)

COUNTS FIFTEEN THROUGH EIGHTEEN

(Securities Fraud)

83. The allegations contained in paragraphs 1 through 52, and 55 through 76 of this Indictment are realleged and incorporated as though set forth in full herein.

84. On or about the respective dates shown below, each such date constituting a separate count of this Indictment, within the Eastern District of Virginia and elsewhere, the defendants listed below, and others, willfully and knowingly, in the offer and sale of securities, that is investments in A&O's Capital Appreciation Bonds, by the use of the means and instruments of transportation and communication in interstate commerce and by the use of the mails, directly and indirectly: (a) employed a device, scheme, and artifice to defraud; (b) obtained money by means of untrue statements of material fact and omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and, (c) engaged in transactions, practices, and courses of business which operated as a fraud and deceit upon investors.

Count	Defendant(s)	Date	Mailing
15	CHRISTIAN M. ALLMENDINGER and ADLEY H. ABDULWAHAB	6/22/07	A package containing a signed copy of an A&O Capital Appreciation Bond, with a bond maturity amount of $1,057,405, to be delivered, via Federal Express, from A&O's office in Houston, Texas, to sales agent T.B. for investor F.S. in Richmond, Virginia.

16	CHRISTIAN M. ALLMENDINGER and ADLEY H. ABDULWAHAB	7/17/07	A package containing a signed copy of an A&O Capital Appreciation Bond certificate, with a bond maturity amount of $55,878, to be delivered, via Federal Express, from A&O's office in Houston, Texas, to investor R.J. in Richmond, Virginia.
17	ADLEY H. ABDULWAHAB and DAVID C. WHITE	11/23/07	A package containing an investor check – in the amount of $115,000 from investors J.B. and B.B. – to be delivered, via Federal Express, from sales agent T.B. in Richmond, Virginia, to A&O's office in Houston, Texas.
18	ADLEY H. ABDULWAHAB and DAVID C. WHITE	12/07/07	A package containing copies of two checks – in the amounts of $157,104 and $89,314 – for the benefit of investor M.S. to be delivered, via Federal Express, from sales agent T.B. in Richmond, Virginia, to A&O's office in Houston, Texas.

(All in violation of Title 15, United States Code, Sections 77q(a) and 77x and Title 18, United States Code, Section 2.)

FORFEITURE ALLEGATION

85. Pursuant to Federal Rule of Criminal Procedure 32.2, the defendants are advised that upon conviction of any of the offenses charged in Counts One through Seven and Fifteen through Eighteen of this indictment, they shall forfeit to the United States any property, real or personal, which constitutes or is derived from proceeds traceable to the violation charged. Upon conviction of the offenses charged in Counts Eight through Fourteen of this indictment, defendants shall forfeit any property, real or personal, involved in such offenses, or any property traceable to such property. Property subject to forfeiture includes, but it not limited to, the following:

The sum of not less than $103 million which represents the proceeds of investor funds fraudulently obtained by the defendants during their scheme to defraud outlined above.

The following specific assets which constitute proceeds of the offenses charged herein and property traceable thereto as well as property involved in or traceable to the money laundering offenses outline above, including but not limited to:

Real Property

Real Property and Improvements known as 209 Glenwood Drive, Houston, Texas 77007-7012, titled in the name of Christian Allmendinger;

Real Property and Improvements known as 3007 E Lake Falls Circle, Spring, Texas 77386-2905, titled in the name of Adley Abdulwahab;

Vehicles:

2006 Lamborghini Gallardo Spyder, VIN ZHWGU22T26LA03893 (Christian Allmendinger);

2008 Porsche Cayenne SUV, VIN WP1AC29PX8LA83016 (Christian Allmendinger);

2008 Bentley Flying Spur, VIN SCBBR93W98C055840 (Christian Allmendinger);

2006 Ford F150 Crew Pickup, VIN 1FTPW12506FB42088, titled in the name of Diana

Dalberg (Christian Allmendinger);

2003 Lexus SC Convertible, VIN JTHFN48Y130048025 (Christian Allmendinger);

2004 BMW 325i Sedan, VIN WBAEV33424KR31551 (Christian Allmendinger);

2001 Volkswagen Jetta, VIN 3VWTG69M21M218874 (Christian Allmendinger);

2004 Buick Rendezvous, VIN 3G5DA03E24S538257 (Adley Abdulwahab);

2004 Chevrolet Trailblazer, VIN 1GNDS13S642210649 (Adley Abdulwahab);

Jewelry:

Ulysse Nardin Maxi Marine 42 MM diameter men's watch with a rose gold colored body (GTS 18KRG Maxi GMT 42MM) (Christian Allmendinger);

5.16 Carat Round Diamond with Ring (5.16 CT RD 1 SI/LDS Eng Ring) (Christian Allmendinger);

Cartier Pasha white gold watch with diamonds on 42 MM watch face, silver in color (GTS 18KWG Pasha 42 MM, Sil) (Christian Allmendinger);

Platinum Princess Cut Diamond Ear Rings (PLT Pr Ear FVS2 ES12) (Christian Allmendinger);

Chopard men's sports watch with black face and black strap (GTS SS Mille Miglia, Blk) (Christian Allmendinger);

Chopard men's cufflinks (GTS SS Cufflinks Mille) (Christian Allmendinger);

15.01 Carats FLY/VS2 Micro Set Surrounding Shank (Christian Allmendinger);

Chimento 18 carat rose gold ladies ring with white cachalong stone in the middle (18KRG W. Cachalong Ring) (Christian Allmendinger);

Chimento 18 carat rose gold necklace with diamonds and cachalong stone (18KRG W. Cachalong Necklace) (Christian Allmendinger);

Men's stainless steel yellow gold watch (GTS SS/YG Ballon BI.LR) (Christian Allmendinger);

2.42 Carat Round Diamond Earrings (2.42 CT Rd Dia Earrings) (Adley Abdulwahab);

Rolex Yacht Masters Stainless Steel Watch (Mans Yacht Master SS LDS) (Adley Abdulwahab);

Bank Accounts:

AIG Private Client, ID#6101, #0004042596-101, in the name of Chris Allmendinger;

Encore, ID#5177, #00-22005177, in the name of Allmendinger 2007 Family Trusts Agreement;

Encore, ID#1043, #00-20371043, in the name of Christian M. & Karen Charise Allmendinger;

Encore, ID#1616, #02-02001616, in the name of Christian M. Allmendinger;

Encore, ID#2687, #00-22002687, in the name of Christian M. Allmendinger;

JP Morgan Chase, ID#8368, #8851808368, in the name of Christian M. Allmendinger;

JP Morgan Chase, ID#5911, #2902285911, in the name of Wert Realty Holdings;

JP Morgan Chase, ID#7478, #709287478, in the name of Wert Realty Holdings;

Morgan Stanley, ID#8963, #371-038963, in the name of Chris Allmendinger;

Regions Bank, ID#7306, #0083917306, in the name of Chris M. Allmendinger;

Wells Fargo, ID#6927, #734-4496927, in the name of Alexandar T. Abdulwahab by Adley H. Abdulwahab;

Wells Fargo, ID#9167, #963-6789167, in the name of Christian M. Allmendinger;

Wells Fargo, ID#6828, #734-4496828, in the name of Jordan Abdulwahab by Adley Abdulwahab;

Miscellaneous Items:

8' Marquette with Marquette Bar with Accessories (Pool Table) (Christian Allmendinger); and

Steinway 5'10" Grand Piano with Bench (Christian Allmendinger).

86. If property subject to forfeiture meets the requirements of 21 U.S.C. §853(p), the government will seek an order forfeiting substitute assets.

(In accordance with Title 18, United States Code, Sections 981(a)(1)(C), 982(a) and Title United States Code Section 2461(c).)

A TRUE BILL

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FOREPERSON

NEIL H. MACBRIDE
UNITED STATES ATTORNEY

By: Jessica D. Brumberg
Michael Dry
Jessica Brumberg
Assistant United States Attorneys
Eastern District of Virginia

DENIS J. MCINERNEY
CHIEF, FRAUD SECTION

By: for Albert Stieglitz
Trial Attorney, Fraud Section
Department of Justice

FILED
JUN 10 2011
In Open Court
CLERK, U.S. DISTRICT COURT
RICHMOND, VA

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Richmond Division

UNITED STATES OF AMERICA	)	
	)	
v.	)	
	)	**Criminal No. 3:10CR248**
ADLEY H. ABDULWAHAB,	)	
	)	
Defendant.	)	

VERDICT FORM

COUNT ONE
(Mail Fraud Conspiracy)

We, the jury, unanimously find the defendant, ADLEY H. ABDULWAHAB,

Guilty as charged in Count One of the Superseding Indictment.
(Guilty or Not Guilty)

COUNT TWO
(Mail Fraud)

We, the jury, unanimously find the defendant, ADLEY H. ABDULWAHAB,

Guilty as charged in Count Two of the Superseding Indictment.
(Guilty or Not Guilty)

COUNT THREE
(Mail Fraud)

We, the jury, unanimously find the defendant, ADLEY H. ABDULWAHAB,

Guilty as charged in Count Three of the Superseding Indictment.
(Guilty or Not Guilty)

Wahab Exhibit 2

COUNT FIVE
(Mail Fraud)

We, the jury, unanimously find the defendant, ADLEY H. ABDULWAHAB,

Guilty as charged in Count Five of the Superseding Indictment.
(Guilty or Not Guilty)

COUNT SIX
(Mail Fraud)

We, the jury, unanimously find the defendant, ADLEY H. ABDULWAHAB,

Guilty as charged in Count Six of the Superseding Indictment.
(Guilty or Not Guilty)

COUNT SEVEN
(Mail Fraud)

We, the jury, unanimously find the defendant, ADLEY H. ABDULWAHAB,

Guilty as charged in Count Seven of the Superseding Indictment.
(Guilty or Not Guilty)

COUNT EIGHT
(Money Laundering Conspiracy)

We, the jury, unanimously find the defendant, ADLEY H. ABDULWAHAB,

Guilty as charged in Count Eight of the Superseding Indictment.
(Guilty or Not Guilty)

COUNT NINE
(Money Laundering)

We, the jury, unanimously find the defendant, ADLEY H. ABDULWAHAB,

Guilty as charged in Count Nine of the Superseding Indictment.
(Guilty or Not Guilty)

COUNT ELEVEN
(Money Laundering)

We, the jury, unanimously find the defendant, ADLEY H. ABDULWAHAB,

Guilty as charged in Count Eleven of the Superseding Indictment.
(Guilty or Not Guilty)

COUNT TWELVE
(Money Laundering)

We, the jury, unanimously find the defendant, ADLEY H. ABDULWAHAB,

Guilty as charged in Count Twelve of the Superseding Indictment.
(Guilty or Not Guilty)

COUNT THIRTEEN
(Money Laundering)

We, the jury, unanimously find the defendant, ADLEY H. ABDULWAHAB,

Guilty as charged in Count Thirteen of the Superseding Indictment.
(Guilty or Not Guilty)

COUNT FOURTEEN
(Money Laundering)

We, the jury, unanimously find the defendant, ADLEY H. ABDULWAHAB,

Guilty as charged in Count Fourteen of the Superseding Indictment.
(Guilty or Not Guilty)

COUNT FIFTEEN
(Securities Fraud)

We, the jury, unanimously find the defendant, ADLEY H. ABDULWAHAB,

Guilty as charged in Count Fifteen of the Superseding Indictment.
(Guilty or Not Guilty)

COUNT SEVENTEEN
(Securities Fraud)

We, the jury, unanimously find the defendant, ADLEY H. ABDULWAHAB,

Guilty as charged in Count Seventeen of the Superseding Indictment.
(Guilty or Not Guilty)

COUNT EIGHTEEN
(Securities Fraud)

We, the jury, unanimously find the defendant, ADLEY H. ABDULWAHAB,

Guilty as charged in Count Eighteen of the Superseding Indictment.
(Guilty or Not Guilty)

So Say We All, this 10 day of June, 2011.

Bert Bogue
FOREPERSON

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of CHRISTIAN L. ALLMENDINGER,	ORDER OF PROHIBITION AND REVOCATION (SUMMARY)
Respondent.	File No. S-209619(EX)

Based upon the attached Petition for Order, I have reason to believe that any further offer or sale of unregistered securities by or on behalf of the Respondent would be fraudulent to purchasers, and I find that this action is necessary and appropriate in the public interest and for the protection of investors;

Therefore, pursuant to § 551.61(2), Wis. Stats.,[1]

IT IS ORDERED THAT:

a. Christian L. Allmendinger, his agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on his behalf, are prohibited from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Ch. 551, Wis. Stats., or successor statute.

b. All exemptions from registration set forth at Ch. 551, Wis. Stats., or successor statute, that might otherwise apply to any offer or sale of any security of or by Christian L. Allmendinger, his agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on his behalf, are hereby revoked.

c. Christian L. Allmendinger, his agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on his behalf, are prohibited from violating § 551.501, Wis. Stats. (2007-08), or successor statute.

EXECUTED at Madison, Wisconsin, this 7th day of July, 2011.

(SEAL)

Patricia D. Struck
Administrator
Division of Securities

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[1] Unless otherwise noted, all statutory references are to the Wisconsin Statutes (2005-06), which were in effect at the time of the violations alleged and apply pursuant to § 551.703, Wis. Stats. (2007-08).

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of

CHRISTIAN L. ALLMENDINGER,

Respondent.

PETITION FOR ORDER
(Summary)

File S-209619 (EX)

The staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities (hereinafter "the Division"), has conducted an investigation in this matter pursuant to § 551.56, Wis. Stats.[1], and as a result thereof alleges as follows:

1. Christian M. Allmendinger ("Allmendinger") is an individual who at all relevant times until August 31, 2007 was an owner, officer and/or controlling person of the A&O companies, with a business address at the A&O companies and a home address of 209 Glenwood Drive, Houston, Texas 77007.

2. The "A&O companies" are collectively the following foreign business entities, founded by Allmendinger and Oncale in 2004, and of which Wahab acquired an ownership interest in approximately November, 2006 and White in 2007: A&O Life Fund, LP; A&O Bonded Life Assets, LLC; A&O Bonded Life Assets Management, LLC; A&O Bonded Life Settlements, LLC; A&O Bonded Life Settlements Management, LLC; A&O Life Fund, LLC; A&O Life Fund Management, LLC; Life Fund 5.1, LLC; Life Fund 5.1 Management, LLC; Life Fund 5.2, LLC; and Life Fund 5.2 Management, LLC. A&O Life Fund, LP is a foreign business entity with a last known business address of 2 Riverway, Houston, Texas 77056, and the parent company and sole shareholder of the other A&O companies.

3. Brent P. Oncale ("Oncale") is an individual who at all relevant times was an owner, officer and/or controlling person of the A&O companies, with a business address at the A&O companies and a home address of 9125 Chatsworth Drive, Houston, Texas 77024.

4. Adley Husni Abdulwahab, also known as Adley Wahab ("Wahab"), is an individual born in July, 1975, who was at all relevant times an agent of and at most relevant times was an owner, officer and/or controlling person of the A&O companies, with a business address at the A&O companies, and a home address of 3007 E. Lake Falls Circle, Spring, Texas 77386.

5. David C. White ("White") is an individual who at all relevant times after August 31, 2007 was an owner, officer and/or controlling person of the A&O companies, with a business address at the A&O companies and a home address of 3907 Chestnut Bend, Missouri City, Texas 77549.

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[1] Unless otherwise noted, the statutory references are to the Wisconsin Statutes (2005-06), which were in effect at the time of the violations alleged herein and apply pursuant to § 551.703, Wis. Stats. (2007-08).

6. During 2007, agents of Allmendinger, Oncale, Wahab, and White offered and sold investment contract securities of the A&O companies to at least eight persons in Wisconsin.

7. Pursuant to the offering materials the investors in Wisconsin received, "... The principal objective of the Company is to use the Company's assets to acquire a portfolio of life insurance policies in the life settlement after-market. In general, the Company will purchase life insurance policies in the life settlement after-market on numerous insured individuals of sixty-five (65) years of age or older ("Seniors") who have a life expectancy between two (2) to ten (10) years. The Manager will also attempt to control risk through the diversification of investments. ... The Company was formed to invest in and manage a diversified portfolio of life settlement policies in order to combine in a single investment vehicle the returns potentially offered by life settlement investment with the statistical mitigation of maturity risk that a managed pool of multiple and diversified life settlement policies can offer...."

8. The A&O companies' securities have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.

9. On September 7, 2010, a federal grand jury in the United States District Court for the Eastern District of Virginia, Richmond Division, indicted Allmendinger and Wahab on charges of mail fraud (and conspiracy to commit mail fraud), money laundering (and conspiracy to commit mail fraud), and securities fraud in stealing $103 million from at least 800 investors of the A&O companies. A superseding indictment was filed against Allmendinger on February 1, 2011, alleging four counts each of mail fraud/conspiracy and money laundering/conspiracy, and two counts of securities fraud. A copy of the superseding indictment is attached hereto as Exhibit 1.

10. On March 23, 2011, a jury found Allmendinger guilty of three counts of mail fraud/conspiracy, three counts of money laundering/conspiracy, and one count of securities fraud. A copy of the verdict form is attached hereto as Exhibit 2.

11. Allmendinger's actions as set forth in Exhibit 1 and for which he was convicted in Exhibit 2 violated § 551.41(1), Wis. Stats., by employing a device, scheme or artifice to defraud in connection with the offer and sale of securities to persons in Wisconsin.

12. Allmendinger's actions as set forth in Exhibit 1 and for which he was convicted in Exhibit 2 violated § 551.41(2), Wis. Stats., by omitting 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, in connection with the offer and sale of securities to persons in Wisconsin.

13. Allmendinger's actions as set forth in Exhibit 1 and for which he was convicted in Exhibit 2 violated § 551.41(3), Wis. Stats., by engaging in an act, practice or course of business that operates or would operate as a fraud upon another person in connection with the offer and sale of securities to persons in Wisconsin.

Therefore, the staff of the Bureau of Enforcement petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.

Dated this 7th day of July, 2011.

Mark E. Dorman
Examiner

Leslie Van Buskirk
Attorney Supervisor

FILED
FEB - 1 2011
CLERK, U.S. DISTRICT COURT
RICHMOND, VA

IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF VIRGINIA

Richmond Division

	CRIMINAL NO. 3:10CR248
	Count 1 Mail Fraud Conspiracy (18 U.S.C. § 1349)
UNITED STATES OF AMERICA	
v.	Counts 2 – 7 Mail Fraud (18 U.S.C. § 1341)
CHRISTIAN M. ALLMENDINGER,	
ADLEY H. ABDULWAHAB, and	Count 8 Money Laundering Conspiracy
DAVID C. WHITE,	(18 U.S.C. § 1956(h))
Defendants.	Counts 9 – 14 Money Laundering (18 U.S.C. § 1956(a)(1)(A)(i))
	Counts 15 – 18 Securities Fraud (15 U.S.C. §§ 77q(a) and 77x)
	Forfeiture Notice (18 U.S.C. §§ 981, 982)

February 2011 Term – At Richmond

SUPERSEDING INDICTMENT

THE GRAND JURY CHARGES THAT:

At all times relevant to this Indictment, unless otherwise stated:

Exhibit 1

GENERAL ALLEGATIONS

The Conspirators

1. Defendant CHRISTIAN M. ALLMENDINGER was an individual residing in Houston, Texas who was a part owner of a number of businesses that acquired and marketed life settlements to investors. These businesses included, but were not limited to: A&O Resource Management, Ltd.; A&O Capital Management, LLC; Houston Tanglewood Partners, LLC; A&O Bonded Life Assets, LLC; A&O Bonded Life Assets Management, LLC; A&O Life Fund, LLC; A&O Life Fund Management, LLC; A&O Life Funds, LP; Life Fund 5.1, LLC; Life Fund 5.1 Management, LLC; Life Fund 5.2, LLC; Life Fund 5.2 Management, LLC; AB Revocable Living Fund, LLC; and AB Revocable Living Fund Management, LLC (collectively referred herein as "A&O"). ALLMENDINGER held the title of Vice-President of A&O and was active in the day-to-day management of the companies, as well as in the marketing of A&O life settlement investment products to investors.

2. Defendant ADLEY H. ABDULWAHAB was an individual residing in Spring, Texas, who owned and operated a company named CA Houston Investment Center ("HIC") that marketed A&O's life settlement investment products to investors. In addition, ABDULWAHAB eventually became a part owner of A&O and was active in the day-to-day management of the companies.

3. Defendant DAVID C. WHITE was an individual residing in Missouri City, Texas, who eventually became the President of A&O.

4. Brent P. Oncale was an individual residing in Houston, Texas, who was a part owner of A&O. Oncale held the title of Vice-President of A&O and was active in the day-to-day

management of the companies, as well as in the marketing of A&O life settlement investment products to investors.

5. Russell E. Mackert was an attorney residing in Spring, Texas, who performed legal services for A&O.

Background of Life Settlements

6. A life settlement is an investment in which a person, who is typically elderly or terminally ill, sells his life insurance policy for a cash payment, which is a percentage of the life insurance policy's face value or death benefit. The "face value" or "death benefit" is the amount of money paid by the insurance company when the insured dies. Life settlement companies typically purchase life insurance policies from insured individuals.

7. Once the insured sells an insurance policy, the insured is no longer responsible for paying the policy's premiums. To keep the policy in force, the life settlement company must ensure any premiums are paid. All premiums due prior to the death of the insured must be paid, in full and on a timely basis, to prevent additional cost or lapse.

8. A policy is said to have "matured" when the insured individual dies and the insurance company is required to pay the death benefit to the designated parties, that is, the "beneficiaries." But if an insurance policy lapses for any reason, such as failure to pay premiums, the policy's death benefit and any investment dependent on that benefit may be lost.

9. Life settlement companies often sell fractionalized interests in life insurance policies as investments to individual investors. In such sales, investors are buying the right to receive a portion of the death benefit when the insured dies. The sale of fractional interests

allows investors to invest smaller amounts of money, because each investor does not have to pay for the whole policy.

10. Investors who purchase life settlements only realize a profit if the total amount invested in the policy, including the purchase price and any additional premium costs, is less than the amount of the death benefit. A life settlement is not profitable if the expenses of acquiring and maintaining the policy (including the amount of premiums that are paid) are more than the amount of the death benefit paid when the insured dies. Typically, the longer an insured lives, the more expensive it is to maintain a life settlement.

11. The period of time that the insured is predicted to live is called the "life expectancy." In the purchase and sale of life settlements, the assessment of an insured's life expectancy is used to determine, among other things: (a) how much money needs to be set aside to pay future premiums; (b) when the investor can expect to receive a payout on his or her investment; and, (c) the amount of profit the investor can expect to receive.

12. The risk to the life settlement investor of the insured living past the calculated life expectancy – and thereby reducing the expected return on the investment – is often referred to in the industry as "maturity risk" or "longevity risk."

A&O's Bonded Life Settlements

13. Beginning in or about November of 2004, defendant ALLMENDINGER and Brent Oncale founded A&O as equal partners. A&O obtained life settlements from a wholesale life settlement company, and began marketing and selling whole and fractionalized interests in those life settlements to investors. The A&O investments were referred to as Bonded Life Settlements.

14. A&O initially marketed Bonded Life Settlements directly to investors, but also soon began using defendant ABDULWAHAB's marketing company, HIC, and independent sales agents to market the investments. Many of A&O's sales agents were insurance salesmen and not licensed to sell securities. A&O paid substantial commissions to HIC and to independent sales agents, usually 10% of every Bonded Life Settlement investment, to incentivize HIC and the sales agents to make sales.

15. A&O's Bonded Life Settlements were fixed maturity investments with a term of four to seven years, depending on the length of investment chosen by the individual investors.

16. A&O marketed the Bonded Life Settlements as providing a "guaranteed" minimum compounded annual rate of return, typically 10% or 12% depending on the amount of the initial investment, with the possibility of greater returns.

17. The primary distinction between A&O's Bonded Life Settlement investment and typical life settlements was A&O's claim that it could guarantee the investment against longevity risk by obtaining a reinsurance bond from a third-party reinsurer. A&O promised that if the insured lived beyond the investment term, then the reinsurance company would pay the agreed-to minimum rate of return and assume ownership of the underlying insurance policy (as well as assume the obligation to pay future premiums).

18. One of the primary risks of life settlement investments is the possibility that the underlying insurance policies will lapse due to failure to pay premiums. In that situation, the insurance company has no obligation to pay the death benefit when the insured dies. Because the reinsurance bonds obtained by A&O required that the underlying insurance policies be in full force and effect at the time of any claim on the bonds, the reinsurance company also would have

no obligation to pay if the policies lapsed due to non-payment of premiums. Consequently, A&O investors risked losing their entire investments if the underlying insurance policies lapsed for non-payment of premiums.

19. To assuage investors' potential concerns regarding the risk of the underlying insurance policies lapsing, A&O and its sales agents informed investors that A&O would use a portion of investor funds to pay all future premiums due on the underlying insurance policies for the entire length of the investment period. Specific representations to investors regarding how the future premiums would be paid varied over time, but included: (a) that the premiums would be paid "up front," *i.e.*, at the time of investors' initial investments; (b) that sufficient investor funds to cover future premiums would be maintained in an escrow account and paid over time; and, (c) that sufficient investor funds to cover future premiums would be maintained by A&O in a "premium reserve" bank account and paid over time. These representations were designed to lead investors to believe that A&O set aside sufficient investor funds to pay premiums to ensure that the underlying policies did not lapse, and that these funds were not commingled with A&O's general operating funds.

20. A&O provided sales agents with instruction on the Bonded Life Settlements and tips on how to market it to investors. In addition, A&O created a website and marketing materials for its sales agents to distribute to potential investors in an effort to generate sales. A&O's website and marketing materials not only explained A&O's Bonded Life Settlements, but also included specific representations regarding A&O's management and past success.

21. Examples of A&O's representations to investors in its website and marketing material included:

a. A&O's website in or about July of 2005 stated that A&O was a privately held corporation headquartered in Houston with offices in San Antonio, San Francisco, and Los Angeles.

b. A&O's website in or about July of 2005 stated that A&O had over 150 employees nationwide that included Certified Public Accountants, insurance and securities attorneys, financial advisors, investment bankers, and economists.

c. A&O's website in or about April of 2006 stated that A&O had a national staff of over 250 people that included Certified Public Accountants, insurance and securities attorneys, financial advisors, investment bankers, and economists.

d. A&O's website in or about April of 2006 stated that A&O's past efforts had enabled its clients to leverage $375 million into $800 million in less than five years with a compounded annual rate of return of 16.58%.

e. A&O's website and marketing literature in or about 2005 through 2007 contained a graphical flowchart of A&O's use of investor funds that depicted investor funds being deposited into an escrow account and then premium payments being made from the escrow account.

A&O's Capital Appreciation Bonds

22. In or about November of 2006, because ABDULWAHAB was responsible for a substantial portion of A&O's sales to investors, ALLMENDINGER and Oncale invited ABDULWAHAB to become an equal owner in A&O. ABDULWAHAB accepted the offer and ALLMENDINGER, ABDULWAHAB, and Oncale agreed that they would each share equally in the management and profits of A&O.

23. By the late fall of 2006, various state securities and insurance regulators began scrutinizing A&O's investment offerings and making enquiries to A&O's management regarding those offerings. Among other things, these regulators were concerned that A&O's offerings were unregistered securities.

24. In response, in part, to increasing regulatory scrutiny from state securities and insurance regulators, ALLMENDINGER, ABDULWAHAB, and Oncale agreed that A&O would establish hedge funds that would sell securities backed by life settlements to individual investors.

25. To assist it in establishing the hedge funds, A&O consulted with legal counsel – herein referred to as "Law Firm A" – to advise it regarding the sale of securities. At a meeting attended by ALLMENDINGER, ABDULWAHAB, and Oncale in or about November of 2006, Law Firm A informed A&O that due to the legal restrictions on the sale of these unregistered securities: (a) ABDULWAHAB, as a fund manager, could sell the securities to his pre-existing clients, but could not sell the securities to new clients; (b) ALLMENDINGER and Oncale could not sell the securities because they were not fund managers; and, (c) other than fund managers, the only other individuals authorized to sell A&O's securities would be registered representatives of broker-dealers with appropriate securities licenses.

26. Starting in or about January of 2007, A&O no longer offered the Bonded Life Settlements in which investors were assigned a fractionalized or whole ownership interest in a specific life insurance policy. Instead, A&O began offering investments referred to as Capital Appreciation Bonds.

27. A&O's Capital Appreciation Bonds were securities that were general obligations of the company and were securitized by a portfolio of life settlements. That is, unlike investors

in A&O's Bonded Life Settlements, investors in A&O's Capital Appreciation Bonds did not invest in one specific underlying life insurance policy but, instead, were promised a minimum rate of return backed by a pool of underlying life insurance policies.

28. A&O informed its independent sales agents, most of whom were not licensed to sell securities, that the agents were really selling the same investment because the Capital Appreciation Bonds had a fixed investment term with a guaranteed minimum rate of return, and the underlying pool of life insurance policies continued to have the additional security of reinsurance bonds from the third-party reinsurer.

29. A&O continued to pay its independent sales agents substantial commissions, usually 10% of every Capital Appreciation Bond investment, to incentivize the agents to sell its new investment product.

30. To facilitate the sales of its Capital Appreciation Bonds, A&O also continued creating marketing materials and providing them to its sales agents for distribution to potential investors. For example, in a sales insert entitled "A&O History," A&O claimed that it had offices in Houston, Chicago, Wilmington, Glendale, and Ft. Lauderdale, as well as an internal staff of 27 people. In that same insert, A&O claimed that its efforts had enabled its clients to leverage $579 million into $1.2 billion in less than five years.

31. In addition to the marketing material, A&O also gave its sales agents Private Offering Memoranda ("POM") to provide to investors that wanted to invest in A&O's Capital Appreciation Bonds. A&O's POM informed investors that 95% of investor funds received by A&O would be invested by A&O in purchasing and maintaining a portfolio of life settlements.

The "Sale" of A&O

32. By the summer of 2007, various state securities and insurance regulators increasingly scrutinized A&O investment offerings. A&O retained outside legal counsel – herein referred to as "Law Firm B" – to advise it regarding these state regulatory enquiries and to help A&O respond to them. As part of its legal representation of A&O, Law Firm B informed ALLMENDINGER, ABDULWAHAB, and Oncale that A&O could not continue to sell its securities through its independent sales agents who were not licensed to sell securities.

33. In or about August of 2007, motivated, in part, by their desire to avoid the increasing regulatory scrutiny of their individual involvement in the A&O investment offerings, ALLMENDINGINGER, ABDULWAHAB, and Oncale decided to sell A&O.

34. Unbeknownst to ALLMENDINGER, ABDULWAHAB and Oncale enlisted the assistance of attorney Russell E. Mackert, who had previously performed legal services for A&O, to create a sham sales transaction whereby A&O would be "sold" to an offshore entity named Blue Dymond Capital Group, LLC, ("Blue Dymond") located in Nevis.

35. Blue Dymond was secretly owned and controlled by ABDULWAHAB and Oncale. The effect of the sham sales transaction was twofold. First, it allowed ABDULWAHAB and Oncale to eliminate ALLMENDINGER as their partner in A&O. Second, it allowed ABDULWAHAB and Oncale to limit their individual exposure to the ongoing regulatory scrutiny as they could claim that they no longer owned A&O.

36. On or about August 31, 2007, ALLMENDINGER, ABDULWAHAB, and Oncale signed the sale agreement in which they agreed to sell A&O to Blue Dymond.

37. In consultation with ABDULWAHAB and Oncale, Mackert actively facilitated the sham sales transaction to Blue Dymond by: (a) finding and secretly purchasing the Nevis-based Blue Dymond, which was merely a shell corporate entity; (b) creating a fictional person named "RJ Stephenson" to serve as Blue Dymond's purported representative; (c) having someone sign "RJ Stephenson's" signature on behalf of Blue Dymond on the sales contract; (d) allowing ABDULWAHAB and Oncale to secretly deposit funds into Mackert's trust account; (e) using those funds to pay ALLMENDINGER his portion of the sales price; and, (f) hiring an acquaintance to pretend to perform due diligence on behalf of Blue Dymond for the sham sale transaction.

38. Soon after the sham sales transaction to Blue Dymond, ABDULWAHAB, Oncale and Mackert created another shell company to "purchase" Blue Dymond. Mackert set up a second Nevis-based shell corporate entity named Physician's Trust, LLC ("Physician's Trust"), which purportedly acquired A&O.

39. Like Blue Dymond, Physician's Trust also was secretly owned and controlled by ABDULWAHAB and Oncale. The effect of this second sham transaction – for which no sale contract was actually executed – was that ABDULWAHAB and Oncale were further hidden from regulatory scrutiny.

40. In or about September of 2007, ABDULWAHAB and Oncale, on behalf of Physician's Trust, hired yet another law firm – herein referred to as "Law Firm C" – to provide legal advice regarding the enquiries A&O had received from various state regulators.

41. In or about September of 2007, ABDULWAHAB and Oncale, despite purporting to have no ownership role in A&O, arranged for defendant WHITE to become the "figurehead"

President of A&O. WHITE was portrayed to regulators, Law Firm C, and others as having responsibility for the management of A&O. In actuality, ABDULWAHAB and Oncale continued to manage and control A&O with Mackert's guidance and advice.

42. In or about September of 2007, ABDULWAHAB, Oncale, and WHITE met with attorneys from Law Firm C to discuss state regulatory enquiries of A&O's investment offerings. At the meeting, the attorneys informed ABDULWAHAB, Oncale, and WHITE that A&O was legally prohibited from continuing to sell unregistered securities. In addition, the attorneys told ABDULWAHAB, Oncale, and WHITE that there was the potential for individual civil and criminal liability if A&O ignored Law Firm C's legal advice. WHITE subsequently led Law Firm C to believe that A&O had heeded the legal advice and had ceased its investment sales.

43. In the fall of 2007, Law Firm C responded to various state regulatory enquiries into A&O's investment offerings. Among the regulators' concerns were: (a) the fact that ABDULWAHAB had pleaded guilty to felony forgery in 2004, which had not been disclosed to A&O's investors; (b) the regulators' inability to determine who currently owned and operated A&O; and, (c) questions regarding A&O's ability to continue to make premium payments on the underlying insurance policies so that the policies did not lapse.

44. In response to the regulators' concerns and based on information provided by ABDULWAHAB, Oncale, and WHITE, Law Firm C told regulators that: (a) ABDULWAHAB was no longer an owner or manager of A&O; (b) ABDULWAHAB, ALLMENDINGER, and Oncale ceased having ownership and control of A&O at the time of the sale of A&O to Physician's Trust; (c) A&O had sufficient funds in premium reserve bank accounts to pay the

premium payments on the underlying insurance policies for the term of the investments; and, (d) A&O had ceased its sales of investment products.

45. A&O stopped accepting investor funds in or about January of 2008.

46. Despite Law Firm C's assurances, state regulators continued to investigate A&O's investment offerings. In or about February of 2008, WHITE was interviewed by state securities regulators regarding A&O. In response to questions regarding the adequacy of A&O's funds to pay premiums and the current ownership of A&O, WHITE stated that: (a) A&O had more than sufficient funds to pay premiums in its premium reserve accounts; (b) RJ Stephenson was the principal of Physician's Trust, which owned A&O; and, (c) WHITE had personally spoken with RJ Stephenson on the phone.

47. Following WHITE's meeting with regulators, A&O transferred approximately $4.6 million into third-party escrow accounts. This money was purportedly for the payment of premiums on the underlying insurance policies to ensure that the policies did not lapse. Soon thereafter, WHITE's role as the "figurehead" President of A&O ended.

48. In or about March of 2008, a company owned and controlled by Russell Mackert entered into a management agreement with Physician's Trust. In that agreement, Mackert agreed to monitor the premium payments on the underlying insurance agreements for A&O and to work with an auditing firm to deliver an audit letter to investors each year. The management agreement was purportedly signed by RJ Stephenson on behalf of Physician's Trust.

49. Mackert subsequently hired an accounting firm to prepare audit letters that were sent to investors. Mackert informed the accounting firm that: (a) there were sufficient funds in the escrow accounts to pay all future premium payments for the duration of the investments; (b)

the escrow funds were deposited with the escrow agent as part of the sale of A&O; (c) the current owners asked the prior owners to determine the necessary amount to pay all of the required premium payments in the future; and, (d) this determination was the basis for the amount of funds deposited into escrow.

50. In or about June of 2008 through in or about December of 2008, pursuant to Mackert's management agreement, the accounting firm prepared letters containing Mackert's representations regarding the sufficiency and genesis of the escrow accounts. The letters subsequently were mailed to investors. The purpose of these letters was to reassure investors about the safety and security of their investments in A&O's products.

51. Despite A&O's representations to investors regarding the safety of its investment offerings, on or about September 2, 2009, due to A&O's inability to pay premiums on the underlying life insurance products, Mackert placed the majority of A&O into Chapter 11 bankruptcy.

52. Due to A&O's marketing efforts, and the representations contained in its marketing materials and made by its independent sales agents, A&O obtained approximately $100 million in investor funds from more than 800 investors, many of whom were elderly. These investors were located in approximately 37 different states, including in the Eastern District of Virginia, and in Canada.

COUNT ONE

(Conspiracy to Commit Mail Fraud)

THE CONSPIRACY

53. The allegations set forth in paragraphs 1 through 52 of this Indictment are realleged and incorporated as though set forth in full herein.

54. From in or about November of 2004 through the present, within the Eastern District of Virginia and elsewhere, defendants

CHRISTIAN M. ALLMENDINGER,
ADLEY H. ABDULWAHAB, and
DAVID C. WHITE

did unlawfully and knowingly combine, conspire, confederate, and agree with each other and others, both known and unknown, to commit an offense against the United States, namely having devised and intending to devise a scheme and artifice to defraud and to obtain money and property by means of material false and fraudulent pretenses, representations, and promises, did knowingly: (a) place and cause to be placed in any post office and authorized depository for mail matter, any matter and thing whatever to be sent and delivered by the Postal Service; (b) deposit and cause to be deposited any matter and thing whatever to be sent and delivered by any private and interstate commercial carrier; and, (c) cause to be delivered by mail and private and interstate commercial carrier any matter and thing whatever according to the direction thereon, in violation of Title 18, United States Code, Section 1341.

PURPOSE

55. A purpose of the conspiracy was to mislead investors regarding A&O's safekeeping and use of investor funds and the risks of A&O's investment offerings, in order to obtain investor funds so that the conspirators could personally profit.

MANNER AND MEANS

56. ALLMENDINGER, ABDULWAHAB, WHITE, and their co-conspirators made, and caused to be made, numerous material misrepresentations and omissions designed to mislead investors regarding A&O, the risks of A&O's investment offerings, and A&O's safekeeping and use of investor funds.

57. Based on material misrepresentations and omissions by ALLMENDINGER, ABDULWAHAB, and their co-conspirators, A&O's investors were led to believe that A&O had a proven track record of investment success in life settlements. For example, while A&O was offering Bonded Life Settlements, investors were told that A&O's past efforts had enabled its clients to leverage $375 million into $800 million in less than five years with a compounded annual rate of return of 16.58%. In addition, while A&O was offering Capital Appreciation Bonds, investors were told that A&O's past efforts had enabled its clients to leverage $579 million into $1.2 billion in less than five years. In truth and fact, virtually none of A&O's investors made any money on their A&O life settlement investments because only one relatively small underlying life insurance policy matured during A&O's investment offerings.

58. Based on material misrepresentations and omissions by ALLMENDINGER, ABDULWAHAB, and their co-conspirators, A&O's investors were led to believe that A&O was a large investment company that had office locations in multiple states. For example, in A&O's

sales insert entitled "A&O History," A&O claimed that it had offices in Houston, Chicago, Wilmington, Glendale, and Ft. Lauderdale. In truth and fact, A&O only had one office location, which was in Houston, Texas.

59. Based on material misrepresentations and omissions by ALLMENDINGER, ABDULWAHAB, and their co-conspirators, A&O's investors were led to believe that A&O had a large staff of professionals. For example, A&O claimed on its website at various times that it had over 150 employees nationwide, including certified public accountants, insurance and securities attorneys, financial advisors, investment bankers, and economists. In truth and fact, A&O never had more than four employees, and these employees provided secretarial and administrative support, rather than professional services.

60. Based on material misrepresentations and omissions by ALLMENDINGER, ABDULWAHAB, WHITE, and their co-conspirators, A&O's investors were led to believe that their money would be deposited into escrow accounts that would be utilized for the purchase of life settlements, the purchase of reinsurance bonds, and the payment of future premiums due for the underlying life insurance policies. In truth and fact, the escrow accounts were almost never utilized for any of these purposes and had no practical business purpose other than to reassure A&O's investors about the safety and legitimacy of their investments. The escrow accounts were merely pass-throughs; almost all A&O investor funds ultimately were commingled in A&O's bank accounts, over which ALLMENDINGER, ABDULWAHAB, WHITE, and other co-conspirators had control.

61. Based on material misrepresentations and omissions by ALLMENDINGER, ABDULWAHAB, WHITE, and their co-conspirators, A&O's investors were led to believe that a

portion of their investment would be set aside and used to pay all future premiums due for the underlying insurance policies for the term of their investments either up-front, from an escrow account, or from a premium reserve account. In truth and fact, A&O did not pay premiums up-front and did not set aside a portion of investor funds to pay the necessary future premiums. Instead, A&O commingled investor monies with its general operating funds, and ALLMENDINGER, ABDULWAHAB, and their co-conspirators routinely used these funds for their personal enrichment. The conspirators' personal use of investor funds resulted in A&O using new A&O investor monies to pay premiums associated with life settlements pledged to earlier A&O investors.

62. Based on material misrepresentations and omissions by ALLMENDINGER, ABDULWAHAB, and their co-conspirators, A&O's investors were led to believe that A&O's investment offerings were guaranteed or had little to no risk. For example, in an A&O recorded sales presentation, when asked whether there was any way that an A&O client could lose money, ALLMENDINGER and another co-conspirator stated that the main risk of the A&O investment was that the A+ rated life insurance company that issued the insurance policy would default. In truth and fact, due to the conspirators' personal use of investor funds, one of the primary risks of the A&O investments was that the underlying life insurance policies would lapse for non-payment of premiums.

63. Based on material misrepresentations and omissions by ALLMENDINGER, ABDULWAHAB, WHITE, and their co-conspirators contained in A&O's POM, investors in A&O's Capital Appreciation Bonds were led to believe that 95% of investor funds received by A&O would be invested by A&O in purchasing and maintaining a portfolio of life settlements.

In truth and fact, it was impossible for A&O to invest 95% of investor funds as described in the POM because ALLMENDINGER, ABDULWAHAB, WHITE, and their co-conspirators were paying sales agents commissions of approximately 10% for every sale. In addition, ALLMENDINGER, ABDULWAHAB, WHITE, and their co-conspirators failed to inform A&O Capital Appreciation Bond investors that the majority of investor money was used by the conspirators for purposes wholly unrelated to purchasing and maintaining portfolios of life settlements.

64. Based on material misrepresentations and omissions by ABDULWAHAB and WHITE, investors in A&O's Capital Appreciation Bonds were never informed that ABDULWAHAB, who was the fund manager for each of the A&O-related hedge funds issuing the Capital Appreciation Bonds, had been charged with and pleaded guilty to forgery of a commercial interest in Texas in 2004.

65. In addition to the above described material misrepresentations and omissions to investors during A&O's investment offerings, part of the manner and means of the conspirators' scheme to defraud consisted of lulling investors after A&O had ceased selling its investment offerings to avoid detection of the scheme.

66. Based on material misrepresentations and omissions by Mackert – with ABDULWAHAB's knowledge and approval – investors were led to believe that funds sufficient to pay all future premiums for the term of their investment had been placed in escrow as part of the sale of A&O. In truth and fact, A&O did not place funds into escrow at the time of the sham sales transaction and only did so six months after the sale in response to pressure from regulators.

67. Based on material misrepresentations and omissions by ABDULWAHAB, WHITE, and other conspirators, investors were led to believe that the sale of A&O had resulted in ABDULWAHAB and Oncale no longer having ownership or control over A&O. In truth and fact, ABDULWAHAB and Oncale continued to own and operate A&O after the sham sales transaction.

68. In addition to the above described material misrepresentations and omissions to investors, part of the manner and means of the conspirators' scheme to defraud consisted of misleading A&O's outside counsel and state regulators regarding A&O's investment offerings in order to continue taking in new investor monies and to avoid detection of the scheme.

69. Based on material misrepresentations and omissions by ABDULWAHAB, Law Firm A was led to believe that ABDULWAHAB had never been charged with a felony or misdemeanor involving fraud, wrongful taking of property, or forgery. In truth and fact, ABDULWAHAB had been charged with and pleaded guilty to forgery of a commercial interest in Texas in 2004.

70. Based on material misrepresentations and omissions by ABDULWAHAB, Law Firm A was led to believe that A&O was not paying commissions for sales of Capital Appreciation Bonds to individuals who lacked the appropriate licenses to sell securities. In truth and fact, A&O routinely paid sales agents, who lacked the appropriate licenses, commissions to sell A&O's Capital Appreciation Bonds. In addition, A&O misled these sales agents by telling them that they did not need licenses to sell Capital Appreciation Bonds.

71. Based on material misrepresentations and omissions by ALLMENDINGER, Law Firm B was led to believe that only individuals with the appropriate licenses to sell securities

were selling A&O's Capital Appreciation Bonds. In truth and fact, A&O routinely used sales agents that lacked the appropriate licenses to sell A&O's Capital Appreciation Bonds.

72. Based on material misrepresentations and omissions by ALLMENDINGER, Law Firm B was led to believe that premiums for the underlying life insurance policies were either paid up-front or were paid from a designated premium reserve account for the term of the investment. In truth and fact, A&O commingled investor monies with its general operating funds, and ALLMENDINGER, ABDULWAHAB, and their co-conspirators routinely utilized these funds for their personal enrichment.

73. Based on material misrepresentations and omissions contained in an affidavit filed by ABDULWAHAB, state securities regulators were led to believe that A&O sold its investments either through ABDULWAHAB's personal contacts or through individuals with the appropriate licenses, and that A&O did not pay commissions to non-licensed sales representatives for the sale of its securities offerings. In truth and fact, A&O routinely paid sales agents, who lacked the appropriate licenses, commissions to sell A&O's Capital Appreciation Bonds.

74. Based on material misrepresentations and omissions by ABDULWAHAB, WHITE, and other conspirators, Law Firm C and state regulators were led to believe that ABDULWAHAB and Oncale had no ownership or management role in A&O after the "sale" of A&O to Blue Dymond and Physician's Trust. In truth and fact, ABDULWAHAB and Oncale continued to own and operate A&O after the sham sales transaction.

75. Based on material misrepresentations and omissions by WHITE and other conspirators, Law Firm C and state regulators were led to believe that A&O had stopped its life

settlement investment offerings in or about October, 2007. In truth and fact, A&O continued taking in millions of dollars of new investor monies until in or about January, 2008.

76. As part of the scheme to defraud, A&O routinely used United States mail and private mail carriers to send marketing materials, investment documentation, POMs, correspondence with state regulators, and sales commission checks. A&O also routinely caused mailings through United States mail and private mail carriers, including investment policies and investor checks. Many of these mailings came to or from the Eastern District of Virginia.

(All in violation of Title 18, United States Code, Section 1349.)

COUNTS TWO THROUGH SEVEN

(Mail Fraud)

77. The allegations contained in paragraphs 1 through 52, and 55 through 76 of this Indictment are realleged and incorporated as though set forth in full herein.

78. On or about the respective dates shown below, each such date constituting a separate count of this Indictment, within the Eastern District of Virginia and elsewhere, the defendants listed below, and others, for the purposes of executing the scheme and artifice to defraud described above and to obtain money and property by means of material false and fraudulent pretenses, representations, and promises, did knowingly: (a) place and cause to be placed in any post office and authorized depository for mail matter, any matter and thing whatever to be sent and delivered by the Postal Service; (b) deposit and cause to be deposited any matter and thing whatever to be sent and delivered by any private and interstate commercial carrier; and, (c) cause to be delivered by mail and private and interstate commercial carrier any matter and thing whatever according to the direction thereon, the following:

Count	Defendant(s)	Date	Mailing
2	CHRISTIAN M. ALLMENDINGER and ADLEY H. ABDULWAHAB	6/21/06	A package containing the Bonded Life Settlement contract for investor C.C., to be delivered, via Federal Express, from A&O's office in Houston, Texas, to sales agent T.B. in Richmond, Virginia.
3	CHRISTIAN M. ALLMENDINGER and ADLEY H. ABDULWAHAB	6/22/07	A package containing a signed copy of an A&O Capital Appreciation Bond, with a bond maturity amount of $1,057,405, to be delivered, via Federal Express, from A&O's office in Houston, Texas, to sales agent T.B. for investor F.S. in Richmond, Virginia.

4	CHRISTIAN M. ALLMENDINGER and ADLEY H. ABDULWAHAB	7/17/07	A package containing a signed copy of an A&O Capital Appreciation Bond certificate, with a bond maturity amount of $55,878, to be delivered, via Federal Express, from A&O's office in Houston, Texas, to investor R.J. in Richmond, Virginia.
5	ADLEY H. ABDULWAHAB and DAVID C. WHITE	11/23/07	A package containing an investor check – in the amount of $115,000 from investors J.B. and B.B. – to be delivered, via Federal Express, from sales agent T.B. in Richmond, Virginia, to A&O's office in Houston, Texas.
6	ADLEY H. ABDULWAHAB and DAVID C. WHITE	12/07/07	A package containing copies of two checks – in the amounts of $157,104 and $89,314 – for the benefit of investor M.S. to be delivered, via Federal Express, from sales agent T.B. in Richmond, Virginia, to A&O's office in Houston, Texas.
7	ADLEY H. ABDULWAHAB	12/10/08	A package containing a letter from A&O's accounting firm, to be delivered, via United States Postal Service, from Houston, Texas, to investor R.W. in Richmond, Virginia.

(All in violation of Title 18, United States Code, Sections 1341 and 2.)

COUNT EIGHT

(Conspiracy to Commit Money Laundering)

79. The allegations contained in paragraphs 1 through 52, and 55 through 76 of this Indictment are realleged and incorporated as though set forth in full herein.

80. From in or about November of 2004 through the present, within the Eastern District of Virginia and elsewhere, defendants

CHRISTIAN M. ALLMENDINGER,
ADLEY H. ABDULWAHAB, and
DAVID C. WHITE

and others, did unlawfully and knowingly combine, conspire, confederate, and agree with each other and others, both known and unknown, to commit an offense against the United States, namely to knowingly conduct and attempt to conduct financial transactions affecting interstate and foreign commerce, which involved the proceeds of specified unlawful activity, that is mail fraud, in violation of 18 U.S.C. § 1341, with the intent to promote the carrying on of specified unlawful activity, that is mail fraud, in violation of 18 U.S.C. § 1341, and that while conducting and attempting to conduct such financial transactions knew that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(A)(i).

(All in violation of Title 18, United States Code, Section 1956(h).)

COUNTS NINE THROUGH FOURTEEN

(Money Laundering)

81. The allegations contained in paragraphs 1 through 52, and 55 through 76 of this Indictment are realleged and incorporated as though set forth in full herein.

82. On or about the respective dates shown below, each such date constituting a separate count of this Indictment, within the Eastern District of Virginia and elsewhere, the defendants listed below, and others, did knowingly conduct and attempt to conduct financial transactions affecting interstate and foreign commerce, which involved the proceeds of specified unlawful activity, that is mail fraud, in violation of 18 U.S.C. § 1341, with the intent to promote the carrying on of specified unlawful activity, that is, mail fraud, in violation of 18 U.S.C. § 1341, and that while conducting and attempting to conduct such financial transactions knew that the property involved in the financial transactions represented the proceeds of some form of unlawful activity.

Count	Defendants	Date	Description
9	CHRISTIAN M. ALLMENDINGER and ADLEY H. ABDULWAHAB	11/28/06	Transfer of approximately $21,331, via check drawn on HIC's Wells Fargo bank account No. ####9506, to sales agent T.B. in Richmond, Virginia, as a commission payment for the sale of an A&O Bonded Life Settlement to an investor.
10	CHRISTIAN M. ALLMENDINGER and ADLEY H. ABDULWAHAB	1/26/07	Transfer of approximately $250, via check drawn on A&O's Wells Fargo bank account No. ####2369, to the Virginia Division of Securities in Richmond, Virginia as a filing fee payment related to the sale of A&O's Capital Appreciation Bonds in Virginia.

11	CHRISTIAN M. ALLMENDINGER and ADLEY H. ABDULWAHAB	7/2/07	Transfer of approximately $48,000, via check drawn on HIC's Wells Fargo bank account No. ####9506, to sales agent T.B. in Richmond, Virginia, as a commission payment for the sale of an A&O Capital Appreciation Bond to an investor.
12	ADLEY H. ABDULWAHAB and DAVID C. WHITE	11/15/07	Transfer of approximately $30,734, via check drawn on A&O's Wells Fargo bank account No. ####2369, to sales agent T.B. in Richmond, Virginia, as a commission payment for the sale of an A&O Capital Appreciation Bond to an investor.
13	ADLEY H. ABDULWAHAB and DAVID C. WHITE	12/17/07	Transfer of approximately $22,469, via check drawn on A&O's Wells Fargo bank account No. ####2369, to sales agent T.B. in Richmond, Virginia, as a commission payment for the sale of an A&O Capital Appreciation Bond to an investor.
14	ADLEY H. ABDULWAHAB and DAVID C. WHITE	12/31/07	Transfer of approximately $43,969, via check drawn on A&O's Wells Fargo bank account No. ####2369, to sales agent T.B. in Richmond, Virginia, as a commission payment for the sale of an A&O Capital Appreciation Bond to an investor.

(All in violation of Title 18, United States Code, Sections 1956(a)(1)(A)(i) and 2.)

COUNTS FIFTEEN THROUGH EIGHTEEN

(Securities Fraud)

83. The allegations contained in paragraphs 1 through 52, and 55 through 76 of this Indictment are realleged and incorporated as though set forth in full herein.

84. On or about the respective dates shown below, each such date constituting a separate count of this Indictment, within the Eastern District of Virginia and elsewhere, the defendants listed below, and others, willfully and knowingly, in the offer and sale of securities, that is investments in A&O's Capital Appreciation Bonds, by the use of the means and instruments of transportation and communication in interstate commerce and by the use of the mails, directly and indirectly: (a) employed a device, scheme, and artifice to defraud; (b) obtained money by means of untrue statements of material fact and omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and, (c) engaged in transactions, practices, and courses of business which operated as a fraud and deceit upon investors.

Count	Defendant(s)	Date	Mailing
15	CHRISTIAN M. ALLMENDINGER and ADLEY H. ABDULWAHAB	6/22/07	A package containing a signed copy of an A&O Capital Appreciation Bond, with a bond maturity amount of $1,057,405, to be delivered, via Federal Express, from A&O's office in Houston, Texas, to sales agent T.B. for investor F.S. in Richmond, Virginia.

16	CHRISTIAN M. ALLMENDINGER and ADLEY H. ABDULWAHAB	7/17/07	A package containing a signed copy of an A&O Capital Appreciation Bond certificate, with a bond maturity amount of $55,878, to be delivered, via Federal Express, from A&O's office in Houston, Texas, to investor R.J. in Richmond, Virginia.
17	ADLEY H. ABDULWAHAB and DAVID C. WHITE	11/23/07	A package containing an investor check – in the amount of $115,000 from investors J.B. and B.B. – to be delivered, via Federal Express, from sales agent T.B. in Richmond, Virginia, to A&O's office in Houston, Texas.
18	ADLEY H. ABDULWAHAB and DAVID C. WHITE	12/07/07	A package containing copies of two checks – in the amounts of $157,104 and $89,314 – for the benefit of investor M.S. to be delivered, via Federal Express, from sales agent T.B. in Richmond, Virginia, to A&O's office in Houston, Texas.

(All in violation of Title 15, United States Code, Sections 77q(a) and 77x and Title 18, United States Code, Section 2.)

FORFEITURE ALLEGATION

85. Pursuant to Federal Rule of Criminal Procedure 32.2, the defendants are advised that upon conviction of any of the offenses charged in Counts One through Seven and Fifteen through Eighteen of this indictment, they shall forfeit to the United States any property, real or personal, which constitutes or is derived from proceeds traceable to the violation charged. Upon conviction of the offenses charged in Counts Eight through Fourteen of this indictment, defendants shall forfeit any property, real or personal, involved in such offenses, or any property traceable to such property. Property subject to forfeiture includes, but it not limited to, the following:

The sum of not less than $103 million which represents the proceeds of investor funds fraudulently obtained by the defendants during their scheme to defraud outlined above.

The following specific assets which constitute proceeds of the offenses charged herein and property traceable thereto as well as property involved in or traceable to the money laundering offenses outline above, including but not limited to:

Real Property

Real Property and Improvements known as 209 Glenwood Drive, Houston, Texas 77007-7012, titled in the name of Christian Allmendinger;

Real Property and Improvements known as 3007 E Lake Falls Circle, Spring, Texas 77386-2905, titled in the name of Adley Abdulwahab;

Vehicles:

2006 Lamborghini Gallardo Spyder, VIN ZHWGU22T26LA03893 (Christian Allmendinger);

2008 Porsche Cayenne SUV, VIN WP1AC29PX8LA83016 (Christian Allmendinger);

2008 Bentley Flying Spur, VIN SCBBR93W98C055840 (Christian Allmendinger);

2006 Ford F150 Crew Pickup, VIN 1FTPW12506FB42088, titled in the name of Diana

Dalberg (Christian Allmendinger);

2003 Lexus SC Convertible, VIN JTHFN48Y130048025 (Christian Allmendinger);

2004 BMW 325i Sedan, VIN WBAEV33424KR31551 (Christian Allmendinger);

2001 Volkswagen Jetta, VIN 3VWTG69M21M218874 (Christian Allmendinger);

2004 Buick Rendezvous, VIN 3G5DA03E24S538257 (Adley Abdulwahab);

2004 Chevrolet Trailblazer, VIN 1GNDS13S642210649 (Adley Abdulwahab);

Jewelry:

Ulysse Nardin Maxi Marine 42 MM diameter men's watch with a rose gold colored body (GTS 18KRG Maxi GMT 42MM) (Christian Allmendinger);

5.16 Carat Round Diamond with Ring (5.16 CT RD 1 SI/LDS Eng Ring) (Christian Allmendinger);

Cartier Pasha white gold watch with diamonds on 42 MM watch face, silver in color (GTS 18KWG Pasha 42 MM, Sil) (Christian Allmendinger);

Platinum Princess Cut Diamond Ear Rings (PLT Pr Ear FVS2 ES12) (Christian Allmendinger);

Chopard men's sports watch with black face and black strap (GTS SS Mille Miglia, Blk) (Christian Allmendinger);

Chopard men's cufflinks (GTS SS Cufflinks Mille) (Christian Allmendinger);

15.01 Carats FLY/VS2 Micro Set Surrounding Shank (Christian Allmendinger);

Chimento 18 carat rose gold ladies ring with white cachalong stone in the middle (18KRG W. Cachalong Ring) (Christian Allmendinger);

Chimento 18 carat rose gold necklace with diamonds and cachalong stone (18KRG W. Cachalong Necklace) (Christian Allmendinger);

Men's stainless steel yellow gold watch (GTS SS/YG Ballon Bl.LR) (Christian Allmendinger);

2.42 Carat Round Diamond Earrings (2.42 CT Rd Dia Earrings) (Adley Abdulwahab);

Rolex Yacht Masters Stainless Steel Watch (Mans Yacht Master SS LDS) (Adley Abdulwahab);

Bank Accounts:

AIG Private Client, ID#6101, #0004042596-101, in the name of Chris Allmendinger;

Encore, ID#5177, #00-22005177, in the name of Allmendinger 2007 Family Trusts Agreement;

Encore, ID#1043, #00-20371043, in the name of Christian M. & Karen Charise Allmendinger;

Encore, ID#1616, #02-02001616, in the name of Christian M. Allmendinger;

Encore, ID#2687, #00-22002687, in the name of Christian M. Allmendinger;

JP Morgan Chase, ID#8368, #8851808368, in the name of Christian M. Allmendinger;

JP Morgan Chase, ID#5911, #2902285911, in the name of Wert Realty Holdings;

JP Morgan Chase, ID#7478, #709287478, in the name of Wert Realty Holdings;

Morgan Stanley, ID#8963, #371-038963, in the name of Chris Allmendinger;

Regions Bank, ID#7306, #0083917306, in the name of Chris M. Allmendinger;

Wells Fargo, ID#6927, #734-4496927, in the name of Alexandar T. Abdulwahab by Adley H. Abdulwahab;

Wells Fargo, ID#9167, #963-6789167, in the name of Christian M. Allmendinger;

Wells Fargo, ID#6828, #734-4496828, in the name of Jordan Abdulwahab by Adley Abdulwahab;

Miscellaneous Items:

8' Marquette with Marquette Bar with Accessories (Pool Table) (Christian Allmendinger); and

Steinway 5'10" Grand Piano with Bench (Christian Allmendinger).

86. If property subject to forfeiture meets the requirements of 21 U.S.C. §853(p), the government will seek an order forfeiting substitute assets.

(In accordance with Title 18, United States Code, Sections 981(a)(1)(C), 982(a) and Title United States Code Section 2461(c).)

A TRUE BILL

_____

FOREPERSON

NEIL H. MACBRIDE
UNITED STATES ATTORNEY

By: Jessica D. Brumberg
Michael Dry
Jessica Brumberg
Assistant United States Attorneys
Eastern District of Virginia

DENIS J. MCINERNEY
CHIEF, FRAUD SECTION

By: for Albert Stieglitz
Trial Attorney, Fraud Section
Department of Justice

IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF VIRGINIA

Richmond Division

FILED
MAR 23 2011
CLERK, U.S. DISTRICT COURT
RICHMOND, VA

UNITED STATES OF AMERICA	)	
	)	
v.	)	Criminal No. 3:10CR248
	)	
CHRISTIAN M. ALLMENDINGER,	)	
	)	
Defendant.	)	

VERDICT FORM

COUNT ONE
(Mail Fraud Conspiracy)

We, the jury, unanimously find the defendant, CHRISTIAN M. ALLMENDINGER,

Guilty as charged in Count One of the Superseding Indictment.
(Not Guilty or Guilty)

COUNT TWO
(Mail Fraud)

We, the jury, unanimously find the defendant, CHRISTIAN M. ALLMENDINGER

Guilty as charged in Count Two of the Superseding Indictment.
(Not Guilty or Guilty)

COUNT THREE
(Mail Fraud)

We, the jury, unanimously find the defendant, CHRISTIAN M. ALLMENDINGER

Guilty as charged in Count Three of the Superseding Indictment.
(Not Guilty or Guilty)

Allmendinger Exhibit 2

COUNT EIGHT
(Conspiracy to Commit Money Laundering)

We, the jury, unanimously find the defendant, CHRISTIAN M. ALLMENDINGER,

Guilty as charged in Count Eight of the Superseding *Indictment.*
(Not Guilty or Guilty)

COUNT NINE
(Money Laundering)

We, the jury, unanimously find the defendant, CHRISTIAN M. ALLMENDINGER,

Guilty as charged in Count Nine of the Superseding Indictment.
(Not Guilty or Guilty)

COUNT ELEVEN
(Money Laundering)

We, the jury, unanimously find the defendant, CHRISTIAN M. ALLMENDINGER,

Guilty as charged in Count Eleven of the Superseding Indictment.
(Not Guilty or Guilty)

COUNT FIFTEEN
(Securities Fraud)

We, the jury, unanimously find the defendant, CHRISTIAN M. ALLMENDINGER,

Guilty as charged in Count Fifteen of the Superseding Indictment.
(Not Guilty or Guilty)

So Say We All, this 23 day of March, 2011.

FOREPERSON

WILLIAM F. GEIER

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of BRENT P. ONCALE,	ORDER OF PROHIBITION AND REVOCATION (SUMMARY)
Respondent.	File No. S-209619(EX)

Based upon the attached Petition for Order, I have reason to believe that any further offer or sale of unregistered securities by or on behalf of the Respondent would be fraudulent to purchasers, and I find that this action is necessary and appropriate in the public interest and for the protection of investors;

Therefore, pursuant to § 551.61(2), Wis. Stats.,[1]

IT IS ORDERED THAT:

a. Brent P. Oncale, his agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on his behalf, are prohibited from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Ch. 551, Wis. Stats., or successor statute.

b. All exemptions from registration set forth at Ch. 551, Wis. Stats., or successor statute, that might otherwise apply to any offer or sale of any security of or by Brent P. Oncale, his agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on his behalf, are hereby revoked.

c. Brent P. Oncale, his agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on his behalf, are prohibited from violating § 551.501, Wis. Stats. (2007-08), or successor statute.

EXECUTED at Madison, Wisconsin, this 7th day of July, 2011.

(SEAL)

Patricia D. Struck
Administrator
Division of Securities

[1] Unless otherwise noted, all statutory references are to the Wisconsin Statutes (2005-06), which were in effect at the time of the violations alleged and apply pursuant to § 551.703, Wis. Stats. (2007-08).

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of

BRENT P. ONCALE,

Respondent.

PETITION FOR ORDER
(SUMMARY)

File S-209619 (EX)

The staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities (hereinafter "the Division"), has conducted an investigation in this matter pursuant to § 551.56, Wis. Stats.[1], and as a result thereof alleges as follows:

1. Brent P. Oncale ("Oncale") is an individual who at all relevant times was an owner, officer and/or controlling person of the A&O Companies, with a business address at the A&O companies and a home address of 9125 Chatsworth Drive, Houston, Texas 77024.

2. The A&O Companies are collectively the following foreign business entities, founded by Allmendinger and Oncale in 2004, and of which Wahab acquired an ownership interest in approximately November, 2006 and White in September, 2007: A&O Life Fund, LP; A&O Bonded Life Assets, LLC; A&O Bonded Life Assets Management, LLC; A&O Bonded Life Settlements, LLC; A&O Bonded Life Settlements Management, LLC; A&O Life Fund, LLC; A&O Life Fund Management, LLC; Life Fund 5.1, LLC; Life Fund 5.1 Management, LLC; Life Fund 5.2, LLC; and Life Fund 5.2 Management, LLC. A&O Life Fund, LP is a foreign business entity with a last known business address of 2 Riverway, Houston, Texas 77056, and the parent company and sole shareholder of the other A&O companies.

3. Christian M. Allmendinger ("Allmendinger") is an individual who at al relevant times until August 31, 2007 was an owner, officer and/or controlling person of the A&O Companies, with a business address at the A&O Companies and a home address of 209 Glenwood Drive, Houston, Texas 77007.

4. Adley Husni Abdulwahab, also known as Adley Wahab ("Wahab"), is an individual born in July, 1975, who was at all relevant times an agent of and at most relevant times was an owner, officer and/or controlling person of the A&O Companies, with a business address at the A&O companies, and a home address of 3007 E. Lake Falls Circle, Spring, Texas 77386.

5. David C. White ("White") is an individual who at all relevant times after August 31, 2007 was an owner, officer and/or controlling person of the A&O companies, with a business address at the A&O companies and a home address of 3907 Chestnut Bend, Missouri City, Texas 77549.

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[1] Unless otherwise noted, the statutory references are to the Wisconsin Statutes (2005-06), which were in effect at the time of the violations alleged herein and apply pursuant to § 551.703, Wis. Stats. (2007-08).

SEP - 9
CLERK, U.S. DISTRICT COURT
RICHMOND, VA

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA
Richmond Division

UNITED STATES OF AMERICA	)	
	)	
v.	)	**Criminal No. 3:10cr256**
	)	
BRENT P. ONCALE,	)	
	)	
Defendant.	)	

STATEMENT OF FACTS

The United States and the defendant agree that the factual allegations contained in this Statement of Facts and in Counts One and Two of the Information filed in this case are true and correct, and that the United States could have proven them beyond a reasonable doubt.

1. From in or about November of 2004 through the present, within the Eastern District of Virginia and elsewhere, defendant BRENT P. ONCALE did unlawfully and knowingly combine, conspire, confederate, and agree with others, both known and unknown, to commit an offense against the United States, namely having devised and intending to devise a scheme and artifice to defraud and to obtain money and property by means of material false and fraudulent pretenses, representations, and promises, did knowingly: (a) place and cause to be placed in any post office and authorized depository for mail matter, any matter and thing whatever to be sent and delivered by the Postal Service; (b) deposit and cause to be deposited any matter and thing whatever to be sent and delivered by any private and interstate commercial carrier; and (c) cause to be delivered by mail and private and interstate commercial carrier any matter and thing whatever according to the direction thereon, in violation of Title 18, United States Code, Section 1341.

Oncale Exhibit 1

2. From in or about November of 2004 through the present, within the Eastern District of Virginia and elsewhere, defendant BRENT P. ONCALE, did unlawfully and knowingly combine, conspire, confederate, and agree with others, both known and unknown, to commit an offense against the United States, namely to knowingly conduct and attempt to conduct financial transactions affecting interstate and foreign commerce, which involved the proceeds of specified unlawful activity, that is the transfer of millions of dollars of A&O investor funds obtained under false pretenses to sales agents in the form of commissions, with the intent to promote the carrying on of specified unlawful activity, that is, mail fraud, and that while conducting and attempting to conduct such financial transactions knew that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(A)(I).

The Conspirators

3. Defendant BRENT P. ONCALE was an individual residing in Houston, Texas who owned and operated a number of businesses for the purpose of acquiring life settlements, and marketing these life settlements to investors. These business included, but were not limited to: A&O Resource Management, Ltd.; A&O Capital Management, LLC; Houston Tanglewood Partners, LLC; A&O Bonded Life Assets, LLC; A&O Bonded Life Assets Management, LLC; A&O Life Fund, LLC; A&O Life Fund Management, LLC; A&O Life Funds, LP; Life Fund 5.1, LLC; Life Fund 5.1 Management, LLC; Life Fund 5.2, LLC; Life Fund 5.2 Management, LLC; AB Revocable Living Fund, LLC; and AB Revocable Living Fund Management, LLC (collectively referred herein as the "A&O Entities" or "A&O").

4. Other conspirators, not named herein, included other owners, executives, employees, and/or independent sales agents for the A&O Entities.

Background of Life Settlements

5. A life settlement is an investment in which a person, who is typically elderly or terminally ill, sells his life insurance policy for a cash payment, which is a percentage of the life insurance policy's face value or death benefit. The "face value" or "death benefit" is the amount of money paid by the insurance company when the insured dies. Life settlement companies typically purchase life insurance policies from insured individuals.

6. Once the insured sells an insurance policy, the insured is no longer responsible for paying the policy's premiums and the life settlement company thereafter assumes responsibility for arranging the payment of any premiums.

7. A policy is said to have "matured" when the insured individual dies and the insurance company is required to pay the death benefit to the designated parties, that is, the "beneficiaries." All premiums due prior to the death of the insured must be paid, in full and on a timely basis, to prevent additional cost or lapse. If an insurance policy lapses for any reason, such as failure to pay premiums, the policy's death benefit and any investment dependent on that benefit may be lost.

8. Life settlement companies often sell fractionalized interests in life insurance policies as investments to individual investors. In such sales, investors are buying the right to receive a portion of the death benefit when the insured dies. The sale of fractional interests allows investors to invest smaller amounts of money, because each investor does not have to pay for the whole policy.

9. Investors who purchase life settlements only realize a profit if the total amount invested in the policy, including the purchase price and any additional premium costs, is less than the amount of the death benefit. A life settlement is not profitable if the expenses of acquiring and maintaining the policy (including the amount of premiums that are paid) is more than the amount of the death benefit paid when the insured dies. Typically, the longer an insured lives, the more expensive it is to maintain a life settlement.

10. The period of time that the insured is predicted to live is called the "life expectancy." In the purchase and sale of life settlements, the assessment of an insured's life expectancy is used to determine, among other things: (i) how much money needs to be set aside to pay future premiums; (ii) when the investor can expect to receive a payout on his or her investment; and (iii) the amount of profit the investor can expect to receive.

11. The risk to the life settlement investor of the insured living past the calculated life expectancy – and thereby reducing the expected return on the investment – is often referred to in the industry as "maturity risk" or "longevity risk."

A&O's Bonded Life Settlements

12. Beginning in or about November of 2004, A&O obtained life settlements from a wholesale life settlement company, and began marketing and selling whole and fractionalized interests in those life settlements to investors. The A&O investments were referred to as Bonded Life Settlements.

13. A&O initially marketed Bonded Life Settlements directly to investors, but also soon began utilizing independent sales agents to market the investments. A&O paid these sales

agents substantial commissions, usually 10% of every Bonded Life Settlement investment, to incentivize the agents to make sales.

14. A&O's Bonded Life Settlements were fixed maturity investments with a term of 4 to 7 years, depending on the length of investment chosen by the individual investors.

15. A&O marketed the Bonded Life Settlements as providing a "guaranteed" minimum compounded annual rate of return, typically 10 or 12% depending on the amount of the initial investment, with the possibility of greater returns.

16. The primary distinction between A&O's Bonded Life Settlement investment and typical life settlements was A&O's claim that it could guarantee the investment against longevity risk by obtaining a reinsurance bond from a third-party reinsurer. A&O promised that if the insured lived beyond the investment term, then the reinsurance company would pay the investor the agreed-to minimum rate of return and assume ownership of the underlying insurance policy (as well as assume the obligation to pay future premiums).

17. To support its claims of guaranteed returns, A&O, and its sales agents, informed investors that:

a. if the insured died before the investment term matured, then the A+ rated insurance company who issued the underlying insurance policy – of which the investor was a beneficiary– would pay the investor; and

b. if the insured had not died at the end of the investment term, then the reinsurance company who issued the reinsurance bond would pay the investor the guaranteed minimum rate of return.

18. One of the primary risks of life settlement investments is the possibility that the underlying insurance policies will lapse for failure to pay premiums. In that situation, the insurance company has no obligation to pay when the insured dies. Because the reinsurance bonds obtained by A&O required that the underlying insurance policies be in full force and effect at the time of any claim, the reinsurance company would also have no obligation to pay if the policies lapsed for non-payment of premiums. Consequently, it was a distinct possibility that investors would lose their entire investments if the underlying insurance policies lapsed for non-payment of premiums.

19. To assuage any investors' potential concerns regarding the risk of the underlying insurance policies lapsing, A&O, and its sales agents, informed investors that A&O would use a portion of the investor funds to pay all future premiums due on the underlying insurance policies for the length of the investment period "up-front."

20. A&O provided sales agents with instruction on the Bonded Life Settlement investment and tips on how to market it to investors. In addition, A&O created a website and marketing materials for its sales agents, for distribution to potential investors, to assist in generating sales. A&O's website and marketing materials not only explained A&O's Bonded Life Settlement investment, but also included specific representations regarding A&O's management and past success.

21. A&O's representations to investors in its website and marketing material included:

a. A&O's website in or about July of 2005 stated that A&O was a privately held corporation headquartered in Houston with offices in San Antonio, San Francisco, and Los Angeles.

b. A&O's website in or about July of 2005 stated that A&O had over 150 employees nationwide that included Certified Public Accountants, insurance and securities attorneys, financial advisors, investment bankers, and economists.

c. A&O's website in or about April of 2006 stated that A&O had a national staff of over 250 people that included Certified Public Accountants, insurance and securities attorneys, financial advisors, investment bankers, and economists.

d. A&O's website in or about April of 2006 stated that A&O's past efforts had enabled its clients to leverage $375 million into $800 million in less than 5 years with a compounded annual rate of return of 16.58%.

e. A&O's website and marketing literature in or about 2005 through 2006 contained a graphical flowchart of A&O's use of investor funds that depicted investor funds being deposited into an escrow account and then premium payments being made from the escrow account.

A&O's Capital Appreciation Bonds

22. In response, in part, to regulatory scrutiny from various state securities and insurance regulators, starting in or about January of 2007, A&O no longer offered the Bonded Life Settlement investment in which investors were assigned a fractionalized or whole ownership interest in a specific life insurance policy. Instead, A&O began offering investments referred to as Capital Appreciation Bonds.

23. A&O's Capital Appreciation Bonds were general obligations of the company and were securitized with a portfolio of life settlements. Unlike A&O's Bonded Life Settlements, investors in A&O's Capital Appreciation Bonds did not invest in one specific underlying life insurance policy but, instead, were promised a minimum rate of return backed by a pool of underlying life insurance policies.

24. A&O informed its independent sales agents that they were really selling the same investment because the Capital Appreciation Bonds had a fixed investment term with a guaranteed minimum rate of return, and the underlying pool of life insurance policies continued to have the additional security of reinsurance bonds from the third-party reinsurer.

25. A&O continued to pay its independent sales agents substantial commissions, usually 10% of every Capital Appreciation Bond investment, to incentivize the agents to sell its new investment product.

26. To facilitate the sales of its Capital Appreciation Bonds, A&O also continued creating marketing materials that it provided to its sales agents for distribution to potential investors. For example, in a sales insert entitled "A&O History," A&O claimed that it had offices in Houston, Chicago, Wilmington, Glendale, and Ft. Lauderdale. In that same insert, A&O claimed that its efforts had enabled its clients to leverage $579 million into $1.2 billion in less than 5 years.

27. In addition to the marketing material, A&O also gave its sales agents Private Offering Memoranda ("POM") to provide to investors that wanted to invest in A&O's Capital Appreciation Bonds. A&O's POM informed investors that 95% of investor funds received by A&O would be invested by A&O in purchasing and maintaining a portfolio of life settlements.

A&O's Sales Success

28. Due to A&O's marketing efforts, and the representations contained in its marketing materials and made by its independent sales agents, A&O obtained approximately $100 million in investor funds from more than 800 investors. These investors were located in approximately 37 different states, including Virginia, and in Canada.

THE MAIL FRAUD CONSPIRACY

29. During the relevant period and within the Eastern District of Virginia, the defendant, BRENT P. ONCALE, and others, combined and conspired to use the mails in furtherance of their scheme to defraud A&O investors. The defendant, BRENT P. ONCALE, and others, then combined and conspired to engage in financial transactions with the proceeds of their fraudulent scheme in an effort to disguise or conceal that the funds were obtained illegally.

30. The defendant, BRENT P. ONCALE, and others misled investors regarding A&O's safekeeping and use of investor funds and the risks of A&O's investment offerings in order to obtain investor funds so that the conspirators could profit personally and fund their lavish lifestyles.

The Mail Fraud Conspirators' Scheme

31. BRENT P. ONCALE and his co-conspirators created marketing material, websites, and investment documentation containing numerous material misrepresentations and omissions designed to mislead investors regarding A&O's safekeeping and use of investor funds, as well as the risks of A&O's Bonded Life Settlements and Capital Appreciation Bonds.

Misrepresentations Regarding Safekeeping and Use of Investor Funds

32. Based on material misrepresentations and omissions by BRENT P. ONCALE and his co-conspirators, A&O's investors were led to believe that their money would be deposited into escrow accounts that would be utilized for the purchase of life settlements, the purchase of reinsurance bonds, and the payment of future premiums due for the underlying life insurance policies. In truth and fact, the escrow accounts were never utilized for any of these purposes and had no practical business purpose other than reassuring A&O's investors regarding the safety and legitimacy of their investments. The escrow accounts were merely pass-throughs and all A&O investor funds ultimately were commingled into A&O's bank accounts, over which BRENT P. ONCALE and his co-conspirators had control.

33. Although A&O's investors were told that their money would be utilized to pay at or near the time of their investments (i.e. "up front") all future premiums due for the underlying insurance policies for the term of their investments, in truth and fact, A&O's standard business practice was to only pay premiums as they became due, typically on an annual or quarterly basis.

34. Instead of paying all future premiums "up front" from the escrow accounts – and thereby ensuring that the underlying policies would not lapse for non-payment of premiums – BRENT P. ONCALE, and his co-conspirators routinely utilized investor funds for their personal enrichment.

35. BRENT P. ONCALE's and his co-conspirators' personal use of investor funds resulted in A&O utilizing new A&O investor monies to pay premiums associated with life settlements pledged to earlier A&O investors.

36. Based on material misrepresentations and omissions by BRENT P. ONCALE and his co-conspirators contained in A&O's POM, investors in A&O's Capital Appreciation Bonds were led to believe that 95% of investor funds received by A&O would be invested by A&O in purchasing and maintaining a portfolio of life settlements. In truth and fact, it was impossible for A&O to invest 95% of investor funds as described in the POM because BRENT P. ONCALE and his co-conspirators were paying sales agents commissions of approximately 10% for every sale.

37. BRENT P. ONCALE and his co-conspirators also failed to inform A&O Capital Appreciation Bond investors that the vast majority of investor money was utilized by the conspirators for purposes wholly unrelated to purchasing and maintaining portfolios of life settlements, which was a material omission.

Misrepresentations Regarding the Risks of A&O's Investment Offerings

38. Based on material misrepresentations and omissions by BRENT P. ONCALE and his co-conspirators, A&O's investors were led to believe that A&O had a proven track record of investment success in life settlements. For example, while A&O was offering Bonded Life Settlements, investors were told that A&O's past efforts had enabled its clients to leverage $375 million into $800 million in less than 5 years with a compounded annual rate of return of 16.58%. In addition, while A&O was offering Capital Appreciation Bonds, investors were told that A&O's past efforts had enabled its clients to leverage $579 million into $1.2 billion in less than 5 years. In truth and fact, virtually none of A&O's investors made any money on their A&O life settlement investments because only one relatively small underlying life insurance policy matured during A&O's investment offerings.

39. Based on material misrepresentations and omissions by BRENT P. ONCALE and his co-conspirators, A&O's investors were led to believe that A&O was a sophisticated investment company that had office locations in multiple states. For example, in A&O's sales insert entitled "A&O History," A&O claimed that it had offices in Houston, Chicago, Wilmington, Glendale, and Ft. Lauderdale. In truth and fact, A&O only had one office location, which was in Houston, Texas.

40. Based on material misrepresentations and omissions by BRENT P. ONCALE and his co-conspirators, A&O's investors were led to believe that A&O had a large staff of professionals. For example, A&O claimed on its website at various times that it had over 150 employees nationwide that included Certified Public Accountants, insurance and securities attorneys, financial advisors, investment bankers, and economists. In truth and fact, A&O never had more than two employees, and these employees provided secretarial and administrative support, rather than professional services.

41. In furtherance of the conspiracy and to affect the objects thereof, within the Eastern District of Virginia and elsewhere, defendant ONCALE and other conspirators did commit and cause to be committed the following overt act, among others:

a. On or about June 22, 2007, cause a package containing a signed copy of an A&O Capital Appreciation Bond, with a bond maturity amount of $1,057,405, to be delivered, via Federal Express, from A&O's office in Houston, Texas to investor F.S. in Richmond, Virginia.

THE MONEY LAUNDERING CONSPIRACY

42. In furtherance of the conspiracy and to affect the objects thereof, within the Eastern District of Virginia and elsewhere, defendant ONCALE and other conspirators did commit and cause to be committed the following overt act, among others:

a. On or about July 2, 2007, cause a package containing a cashier's check, in the amount of $48,000, to be delivered on behalf of A&O from Houston, Texas to sales agent T.B. in Richmond, Virginia as a commission payment for the sale of an A&O Capital Appreciation Bond.

43. Pursuant to U.S.S.G. § 2B1.1(b)(1), the parties agree that the amount of loss attributable to defendant ONCALE for sentencing purposes is more than $50,000,000.

44. Defendant ONCALE committed the offenses herein knowingly, voluntarily, and without mistake or accident.

NEIL H. MACBRIDE
UNITED STATES ATTORNEY

By: _____
Michael Dry
Jessica Brumberg
Assistant United States Attorneys
Eastern District of Virginia

DECLARATION

By my signature appearing below, I affirm under penalty of perjury that I have read and agree with the contents of this statement of facts and the same is incorporated by reference into

the plea agreement. Moreover, I admit that I participated in the underlying criminal conduct as stated. This is the 13 day of April, 2010.

3/13/2010 _____
Date Brent P. Oncale
Defendant

I am the attorney for the defendant and I have read and agree with the statement of facts.

3/13/2010 _____
Date Counsel for Brent P. Oncale

SEP - 9
CLERK, U.S. DISTRICT COURT
RICHMOND, VA

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA
Richmond Division

UNITED STATES OF AMERICA	)	
	)	
v.	)	**Criminal No. 3:10cr256**
	)	
BRENT P. ONCALE,	)	
	)	
Defendant.	)	

PLEA AGREEMENT

Neil H. MacBride, United States Attorney for the Eastern District of Virginia, Michael S. Dry, Assistant United States Attorney, the defendant, BRENT P. ONCALE, and the defendant's counsel have entered into an agreement pursuant to Rule 11 of the Federal Rules of Criminal Procedure. The terms of the agreement are as follows:

1. Offense and Maximum Penalties

The defendant agrees to waive indictment and plead guilty to a two count criminal information. Count One charges the defendant with conspiracy to commit mail fraud, in violation of Title 18, United States Code, Section 371. The maximum penalties for this offense are a maximum term of five years of imprisonment, a fine of $250,000, full restitution, a special assessment, forfeiture of assets and three years of supervised release. Count Two charges the defendant with conspiracy to commit money laundering, in violation of Title 18, United States Code, Section 371. The maximum penalties for this offense are a maximum term of five years of imprisonment, a fine of $250,000, full restitution, a special assessment, and three years of supervised release. The defendant understands that any supervised release terms are in addition

Oncale Exhibit 2

to any prison term the defendant may receive, and that a violation of a term of supervised release could result in the defendant being returned to prison for the full term of supervised release.

2. Factual Basis for the Plea

The defendant will plead guilty because the defendant is in fact guilty of the charged offense. The defendant admits the facts set forth in the statement of facts filed with this plea agreement and agrees that those facts establish guilt of the offense charged beyond a reasonable doubt. The statement of facts, which is hereby incorporated into this plea agreement, constitutes a stipulation of facts for purposes of Section 1B1.2(a) of the Sentencing Guidelines.

3. Assistance and Advice of Counsel

The defendant is satisfied that the defendant's attorney has rendered effective assistance. The defendant understands that by entering into this agreement, defendant surrenders certain rights as provided in this agreement. The defendant understands that the rights of criminal defendants include the following:

a. the right to plead not guilty and to persist in that plea;

b. the right to a jury trial;

c. the right to be represented by counsel – and if necessary have the court appoint counsel – at trial and at every other stage of the proceedings; and

d. the right at trial to confront and cross-examine adverse witnesses, to be protected from compelled self-incrimination, to testify and present evidence, and to compel the attendance of witnesses.

4. Role of the Court and the Probation Office

The defendant understands that the Court has jurisdiction and authority to impose any sentence within the statutory maximum described above but that the Court will determine the defendant's actual sentence in accordance with Title 18, United States Code, Section 3553(a). The defendant understands that the Court has not yet determined a sentence and that any estimate of the advisory sentencing range under the U.S. Sentencing Commission's Sentencing Guidelines Manual the defendant may have received from the defendant's counsel, the United States, or the Probation Office, is a prediction, not a promise, and is not binding on the United States, the Probation Office, or the Court. Additionally, pursuant to the Supreme Court's decision in *United States v. Booker*, 543 U.S. 220 (2005), the Court, after considering the factors set forth in Title 18, United States Code, Section 3553(a), may impose a sentence above or below the advisory sentencing range, subject only to review by higher courts for reasonableness. The United States makes no promise or representation concerning what sentence the defendant will receive, and the defendant cannot withdraw a guilty plea based upon the actual sentence. Further, in accordance with Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure, the United States agrees not to oppose the defendant's request – which is not binding on the Court – that the following provisions of the Sentencing Guidelines apply:

a. the applicable guideline section is U.S.S.G. § 2B1.1;

b. pursuant to U.S.S.G. § 2B1.1(a)(1), the base offense level is 6;

c. pursuant to U.S.S.G. § 2B1.1(b)(2), at least a 24-level enhancement is applicable because the offense involved a loss greater than $50,000,000;

d. pursuant to U.S.S.G. § 2B1.1(b)(2)(C), a 6-level enhancement is applicable because the offense involved 250 or more victims;

e. pursuant to U.S.S.G. § 2B1.1(b)(9)(C), a 2-level enhancement is applicable because the offense involved sophisticated means; and

f. pursuant to U.S.S.G. § 5G1.2(d), if the sentence imposed on the count carrying the highest statutory maximum is less than the total punishment, then the sentence imposed on the other count shall run consecutively, but only to the extent necessary to produce a combined sentence equal to the total punishment.

The United States and the defendant agree that the defendant has assisted the government in the investigation and prosecution of the defendant's own misconduct by timely notifying authorities of the defendant's intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the government and the Court to allocate their resources efficiently. If the defendant qualifies for a two-level decrease in offense level pursuant to U.S.S.G. § 3E1.1(a) and the offense level prior to the operation of that section is a level 16 or greater, the government agrees to file, pursuant to U.S.S.G. § 3E1.1(b), a motion prior to, or at the time of, sentencing for an additional one-level decrease in the defendant's offense level.

5. Waiver of Multiplicity Claims, Appeal, FOIA and Privacy Act Rights

The defendant understands that he is pleading guilty to two separate felonies and knowingly waives any claims that the charges are multiplicitous or violate double jeopardy. The defendant also understands that Title 18, United States Code, Section 3742 affords a defendant the right to appeal the sentence imposed. Nonetheless, the defendant knowingly waives the right

to appeal the conviction and any sentence within the statutory maximum described above (or the manner in which that sentence was determined) on the grounds set forth in Title 18, United States Code, Section 3742 or on any ground whatsoever, in exchange for the concessions made by the United States in this plea agreement. This agreement does not affect the rights or obligations of the United States as set forth in Title 18, United States Code, Section 3742(b). The defendant also hereby waives all rights, whether asserted directly or by a representative, to request or receive from any department or agency of the United States any records pertaining to the investigation or prosecution of this case, including without limitation any records that may be sought under the Freedom of Information Act, Title 5, United States Code, Section 552, or the Privacy Act, Title 5, United States Code, Section 552a.

6. Waiver of DNA Testing

The defendant also understands that Title 18, United States Code, Section 3600 affords a defendant the right to request DNA testing of evidence after conviction. Nonetheless, the defendant knowingly waives that right. The defendant further understands that this waiver applies to DNA testing of any items of evidence in this case that could be subjected to DNA testing, and that the waiver forecloses any opportunity to have evidence submitted for DNA testing in this case or in any post-conviction proceeding for any purpose, including to support a claim of innocence to the charges admitted in this plea agreement.

7. Special Assessment

Before sentencing in this case, the defendant agrees to pay a mandatory special assessment of one hundred dollars ($100.00) per count of conviction.

8. Payment of Monetary Penalties

The defendant understands and agrees that, pursuant to Title 18, United States Code, Section 3613, whatever monetary penalties are imposed by the Court will be due and payable immediately and subject to immediate enforcement by the United States as provided for in Section 3613. Furthermore, the defendant agrees to provide all of his financial information to the United States and the Probation Office and, if requested, to participate in a pre-sentencing debtor's examination. If the Court imposes a schedule of payments, the defendant understands that the schedule of payments is merely a minimum schedule of payments and not the only method, nor a limitation on the methods, available to the United States to enforce the judgment. If the defendant is incarcerated, the defendant agrees to participate in the Bureau of Prisons' Inmate Financial Responsibility Program, regardless of whether the Court specifically directs participation or imposes a schedule of payments.

9. Restitution

Pursuant to 18 U.S.C. § 3663A(a)(3), the defendant agrees to the entry of a Restitution Order for the full amount of the victims' losses which includes all victims of the defendant's conduct as described in the Criminal Information and Statement of Facts filed in this matter. The defendant also agrees that restitution is due to victims of an offense listed in Title 18, United States Code, Section 3663A(c)(1)(A) that is not the offense of conviction but nonetheless gave rise to this plea agreement.

The parties acknowledge that determination of the identities, addresses and loss amounts for all victims in this matter is a complicated and time consuming process. To that end, defendant agrees, pursuant to 18 U.S.C. § 3664(d)(5), that the court may defer the imposition of restitution

until after the sentencing; however, defendant specifically waives the 90 day provision found at 18 U.S.C. § 3664(d)(5) and consents to the entry of any orders pertaining to restitution after sentencing without limitation.

10. Immunity from Further Prosecution in this District

The United States will not further criminally prosecute the defendant in the Eastern District of Virginia for the specific conduct described in the information or statement of facts.

11. Defendant's Cooperation

The defendant agrees to cooperate fully and truthfully with the United States, and provide all information known to the defendant regarding any criminal activity as requested by the government. In that regard:

a. The defendant agrees to testify truthfully and completely at any grand juries, trials or other proceedings.

b. The defendant agrees to be reasonably available for debriefing and pre-trial conferences as the United States may require.

c. The defendant agrees to provide all documents, records, writings, or materials of any kind in the defendant's possession or under the defendant's care, custody, or control relating directly or indirectly to all areas of inquiry and investigation.

d. The defendant agrees that, at the request of the United States, the defendant will voluntarily submit to polygraph examinations, and that the United States will choose the polygraph examiner and specify the procedures for the examinations.

e. The defendant agrees that the Statement of Facts is limited to information to support the plea. The defendant will provide more detailed facts relating to this case during ensuing debriefings.

f. The defendant is hereby on notice that the defendant may not violate any federal, state, or local criminal law while cooperating with the government, and that the government will, in its discretion, consider any such violation in evaluating whether to file a motion for a downward departure or reduction of sentence.

g. Nothing in this agreement places any obligation on the government to seek the defendant's cooperation or assistance.

12. Use of Information Provided by the Defendant Under This Agreement

The United States will not use any truthful information provided pursuant to this agreement in any criminal prosecution against the defendant in the Eastern District of Virginia, except in any prosecution for a crime of violence or conspiracy to commit, or aiding and abetting, a crime of violence (as defined in Title 18, United States Code, Section 16). Pursuant to U.S.S.G. § 1B1.8, no truthful information that the defendant provides under this agreement will be used in determining the applicable guideline range, except as provided in § 1B1.8(b). Nothing in this plea agreement, however, restricts the Court's or Probation Officer's access to information and records in the possession of the United States. Furthermore, nothing in this agreement prevents the government in any way from prosecuting the defendant should the defendant knowingly provide false, untruthful, or perjurious information or testimony, or from using information provided by the defendant in furtherance of any forfeiture action, whether criminal

or civil, administrative or judicial. The United States will bring this plea agreement and the full extent of the defendant's cooperation to the attention of other prosecuting offices if requested.

13. Prosecution in Other Jurisdictions

The United States Attorney's Office for the Eastern District of Virginia will not contact any other state or federal prosecuting jurisdiction and voluntarily turn over truthful information that the defendant provides under this agreement to aid a prosecution of the defendant in that jurisdiction. Should any other prosecuting jurisdiction attempt to use truthful information the defendant provides pursuant to this agreement against the defendant, the United States Attorney's Office for Eastern District of Virginia agrees, upon request, to contact that jurisdiction and ask that jurisdiction to abide by the immunity provisions of this plea agreement. The parties understand that the prosecuting jurisdiction retains the discretion over whether to use such information.

14. Defendant Must Provide Full, Complete and Truthful Cooperation

This plea agreement is not conditioned upon charges being brought against any other individual. This plea agreement is not conditioned upon any outcome in any pending investigation. This plea agreement is not conditioned upon any result in any future prosecution which may occur because of the defendant's cooperation. This plea agreement is not conditioned upon any result in any future grand jury presentation or trial involving charges resulting from this investigation. This plea agreement is conditioned upon the defendant providing full, complete and truthful cooperation.

15. Motion for a Downward Departure

The parties agree that the United States reserves the right to seek any departure from the applicable sentencing guidelines, pursuant to Section 5K1.1 of the Sentencing Guidelines and Policy Statements, or any reduction of sentence pursuant to Rule 35(b) of the Federal Rules of Criminal Procedure, if, in its sole discretion, the United States determines that such a departure or reduction of sentence is appropriate.

16. The Defendant's Obligations Regarding Assets Subject to Forfeiture

The defendant agrees to identify all assets over which the defendant exercises or exercised control, directly or indirectly, within the past two years, or in which the defendant has or had during that time any financial interest. The defendant agrees to take all steps as requested by the United States to obtain from any other parties by any lawful means any records of assets owned at any time by the defendant. The defendant agrees to undergo any polygraph examination the United States may choose to administer concerning such assets and to provide and/or consent to the release of the defendant's tax returns for the previous five years. The defendant agrees not to dissipate, sell, or otherwise transfer any assets under his control that are subject to forfeiture or restitution.

17. Forfeiture Agreement

The defendant agrees to forfeit all interests in any mail fraud related, asset that the defendant owns or over which the defendant exercises control, directly or indirectly, as well as any property that is traceable to, derived from, fungible with, or a substitute for property that constitutes the proceeds of his offense, including but not limited to the specific property listed in Attachment A to this agreement. The defendant further agrees to waive all interest in the asset(s)

in any administrative or judicial forfeiture proceeding, whether criminal or civil, state or federal. The defendant agrees to consent to the entry of orders of forfeiture for such property and waives the requirements of Federal Rules of Criminal Procedure 32.2 and 43(a) regarding notice of the forfeiture in the charging instrument, announcement of the forfeiture at sentencing, and incorporation of the forfeiture in the judgment. The defendant understands that the forfeiture of assets is part of the sentence that may be imposed in this case.

18. Waiver of Further Review of Forfeiture

The defendant further agrees to waive all constitutional and statutory challenges in any manner (including direct appeal, habeas corpus, or any other means) to any forfeiture carried out in accordance with this Plea Agreement on any grounds, including that the forfeiture constitutes an excessive fine or punishment. The defendant also waives any failure by the Court to advise the defendant of any applicable forfeiture at the time the guilty plea is accepted as required by Rule 11(b)(1)(J). The defendant agrees to take all steps as requested by the United States to pass clear title to forfeitable assets to the United States, and to testify truthfully in any judicial forfeiture proceeding. The defendant understands and agrees that all property covered by this agreement is subject to forfeiture as proceeds of illegal conduct, property involved in illegal conduct giving rise to forfeiture, or substitute assets for property otherwise subject to forfeiture.

19. Breach of the Plea Agreement and Remedies

This agreement is effective when signed by the defendant, the defendant's attorney, and an attorney for the United States. The defendant agrees to entry of this plea agreement at the date and time scheduled with the Court by the United States (in consultation with the defendant's attorney). If the defendant withdraws from this agreement, or commits or attempts to commit

any additional federal, state or local crimes, or intentionally gives materially false, incomplete, or misleading testimony or information, or otherwise violates any provision of this agreement, then:

a. The United States will be released from its obligations under this agreement, including any obligation to seek a downward departure or a reduction in sentence. The defendant, however, may not withdraw the guilty plea entered pursuant to this agreement;

b. The defendant will be subject to prosecution for any federal criminal violation, including, but not limited to, perjury and obstruction of justice, that is not time-barred by the applicable statute of limitations on the date this agreement is signed. Notwithstanding the subsequent expiration of the statute of limitations, in any such prosecution, the defendant agrees to waive any statute-of-limitations defense; and

c. Any prosecution, including the prosecution that is the subject of this agreement, may be premised upon any information provided, or statements made, by the defendant, and all such information, statements, and leads derived therefrom may be used against the defendant. The defendant waives any right to claim that statements made before or after the date of this agreement, including the statement of facts accompanying this agreement or adopted by the defendant and any other statements made pursuant to this or any other agreement with the United States, should be excluded or suppressed under Fed. R. Evid. 410, Fed. R. Crim. P. 11(f), the Sentencing Guidelines or any other provision of the Constitution or

federal law.

Any alleged breach of this agreement by either party shall be determined by the Court in an appropriate proceeding at which the defendant's disclosures and documentary evidence shall be admissible and at which the moving party shall be required to establish a breach of the plea agreement by a preponderance of the evidence. The proceeding established by this paragraph does not apply, however, to the decision of the United States whether to file a motion based on "substantial assistance" as that phrase is used in Rule 35(b) of the Federal Rules of Criminal Procedure and Section 5K1.1 of the Sentencing Guidelines and Policy Statements. The defendant agrees that the decision whether to file such a motion rests in the sole discretion of the United States.

20. Nature of the Agreement and Modifications

This written agreement constitutes the complete plea agreement between the United States, the defendant, and the defendant's counsel. The defendant and his attorney acknowledge that no threats, promises, or representations have been made, nor agreements reached, other than those set forth in writing in this plea agreement, to cause the defendant to plead guilty. Any modification of this plea agreement shall be valid only as set forth in writing in a supplemental or revised plea agreement signed by all parties.

NEIL H. MACBRIDE
UNITED STATES ATTORNEY

By: _____
Michael Dry
Jessica Brumberg
Assistant United States Attorneys

Defendant's Signature: I hereby agree that I have consulted with my attorney and fully understand all rights with respect to the pending criminal information. Further, I fully understand all rights with respect to Title 18, United States Code, Section 3553 and the provisions of the Sentencing Guidelines Manual that may apply in my case. I have read this plea agreement and carefully reviewed every part of it with my attorney. I understand this agreement and voluntarily agree to it.

Date: 4/13/2010 _____
Brent P. Oncale

Defense Counsel Signature: I am counsel for the defendant in this case. I have fully explained to the defendant the defendant's rights with respect to the pending information. Further, I have reviewed Title 18, United States Code, Section 3553 and the Sentencing

Guidelines Manual, and I have fully explained to the defendant the provisions that may apply in this case. I have carefully reviewed every part of this plea agreement with the defendant. To my knowledge, the defendant's decision to enter into this agreement is an informed and voluntary one.

Date: 4/13/2010 _____

Counsel for the Defendant

U. S. DEPARTMENT OF JUSTICE

Statement of Special Assessment Account

This statement reflects your special assessment only. There may be other penalties imposed at sentencing.

ACCOUNT INFORMATION	
CRIM. ACTION NO.:	3:10cr
DEFENDANT'S NAME:	Brent P. Oncale
PAY THIS AMOUNT:	$200.00

INSTRUCTIONS:

1. **MAKE CHECK OR MONEY ORDER PAYABLE TO:**
   CLERK, U.S. DISTRICT COURT

2. **PAYMENT MUST REACH THE CLERK'S OFFICE BEFORE YOUR SENTENCING DATE**

3. **PAYMENT SHOULD BE SENT TO:**

	In person (9 AM to 4 PM)	By mail:
Richmond cases:	Clerk, U.S. District Court 701 East Broad Street, Suite 3000 Richmond, VA 23219	

4. **INCLUDE DEFENDANT'S NAME ON CHECK OR MONEY ORDER**

5. ENCLOSE THIS COUPON TO INSURE PROPER and PROMPT APPLICATION OF PAYMENT

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of DAVID C. WHITE,	ORDER OF PROHIBITION AND REVOCATION (SUMMARY)
Respondent.	File No. S-209619(EX)

Based upon the attached Petition for Order, I have reason to believe that any further offer or sale of unregistered securities by or on behalf of the Respondent would be fraudulent to purchasers, and I find that this action is necessary and appropriate in the public interest and for the protection of investors;

Therefore, pursuant to § 551.61(2), Wis. Stats.,[1]

IT IS ORDERED THAT:

a. David C. White, his agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on his behalf, are prohibited from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Ch. 551, Wis. Stats., or successor statute.

b. All exemptions from registration set forth at Ch. 551, Wis. Stats., or successor statute, that might otherwise apply to any offer or sale of any security of or by David C. White, his agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on his behalf, are hereby revoked.

c. David C. White, his agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on his behalf, are prohibited from violating § 551.501, Wis. Stats. (2007-08), or successor statute.

EXECUTED at Madison, Wisconsin, this 7th day of July, 2011.

(SEAL)

Patricia D. Struck
Administrator
Division of Securities

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[1] Unless otherwise noted, all statutory references are to the Wisconsin Statutes (2005-06), which were in effect at the time of the violations alleged and apply pursuant to § 551.703, Wis. Stats. (2007-08).

NOTICE:

This Order is effective on the date it is issued. Any person subject to the Order may request a hearing in the form of a written petition for hearing as provided in §§ DFI-Sec. 8.01, Wis. Adm. Code. If no hearing is requested, this Order will become final by operation of law 30 days the Order was issued.

You are advised that any willful violation of an Order issued by the Administrator of the Division of Securities under Ch. 551, Wis. Stats., is a criminal offense punishable under the provisions of § 551.508, Wis. Stats. (2007-08).

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of

DAVID C. WHITE,

Respondent.

PETITION FOR ORDER
(SUMMARY)

File S-209619 (EX)

The staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities (hereinafter "the Division"), has conducted an investigation in this matter pursuant to § 551.56, Wis. Stats.[1], and as a result thereof alleges as follows:

1. David C. White ("White") is an individual who at all relevant times after August 31, 2007, was an owner, officer and/or controlling person of the A&O companies, with a business address at the A&O companies and a last known home address of 3907 Chestnut Bend, Missouri City, Texas 77549.

2. The A&O companies are collectively the following foreign business entities, founded by Allmendinger and Oncale in 2004, and of which Wahab acquired an ownership interest in approximately November 2006 and White in September 2007: A&O Life Fund, LP; A&O Bonded Life Assets, LLC; A&O Bonded Life Assets Management, LLC; A&O Bonded Life Settlements, LLC; A&O Bonded Life Settlements Management, LLC; A&O Life Fund, LLC; A&O Life Fund Management, LLC; Life Fund 5.1, LLC; Life Fund 5.1 Management, LLC; Life Fund 5.2, LLC; and Life Fund 5.2 Management, LLC. A&O Life Fund, LP is a foreign business entity with a last known business address of 2 Riverway, Houston, Texas, 77056, and the parent company and sole shareholder of the other A&O companies.

3. Christian M. Allmendinger ("Allmendinger") is an individual who at all relevant times prior to August 31, 2007 was an owner, officer and/or controlling person of the A&O companies, with a business address at the A&O companies and a home address of 209 Glenwood Drive, Houston, Texas 77007.

4. Adley Husni Abdulwahab, also known as Adley Wahab ("Wahab"), is an individual born in July, 1975, who at all relevant times was an agent and at most relevant times an owner, officer and/or controlling person of the A&O companies, with a business address at the A&O companies, and a home address of 3007 E. Lake Falls Circle, Spring, Texas 77386.

5. Brent P. Oncale ("Oncale") is an individual who at all relevant times was an owner, officer and/or controlling person of the A&O companies, with a business address at the A&O companies, and a home address of 9125 Chatsworth Drive, Houston, Texas 77024.

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[1] Unless otherwise noted, the statutory references are to the Wisconsin Statutes (2005-06), which were in effect at the time of the violations alleged herein and apply pursuant to § 551.703, Wis. Stats. (2007-08).

6. During 2007, agents of Allmendinger, Oncale, Wahab and White offered and sold investment contract securities of the A&O companies to at least eight persons in Wisconsin.

7. Pursuant to the offering materials the investors in Wisconsin received, "... The principal objective of the Company is to use the Company's assets to acquire a portfolio of life insurance policies in the life settlement after-market. In general, the Company will purchase life insurance policies in the life settlement after-market on numerous insured individuals of sixty-five (65) years of age or older ("Seniors") who have a life expectancy between two (2) to ten (10) years. The Manager will also attempt to control risk through the diversification of investments. ... The Company was formed to invest in and manage a diversified portfolio of life settlement policies in order to combine in a single investment vehicle the returns potentially offered by life settlement investment with the statistical mitigation of maturity risk that a managed pool of multiple and diversified life settlement policies can offer...."

8. The A&O companies' securities have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.

9. On February 15, 2011, White entered into a plea agreement with the U.S. Attorney's office in the Eastern District of Virginia based on a Statement of Facts attached hereto as Exhibit 1. A copy of the Plea Agreement is attached hereto as Exhibit 2.

10. White's actions as described in Exhibit 1 and for which he entered a guilty plea in Exhibit 2 violated § 551.41(1), Wis. Stats., by employing a device, scheme or artifice to defraud in connection with the offer and sale of securities to persons in Wisconsin.

11. White's actions as described in Exhibit 1 and for which he entered a guilty plea in Exhibit 2 violated § 551.41(2), Wis. Stats., by omitting 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, in connection with the offer and sale of securities to persons in Wisconsin.

12. White's actions as described in Exhibit 1 and for which he entered a guilty plea in Exhibit 2 violated § 551.41(3), Wis. Stats., by engaging in an act, practice or course of business that operates or would operate as a fraud upon another person in connection with the offer and sale of securities to persons in Wisconsin.

Therefore, the staff of the Bureau of Enforcement petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.

Dated this 7th day of July, 2011.

Mark E. Dorman
Examiner

Leslie M. Van Buskirk
Attorney Supervisor

FILED
FEB 15 2011
CLERK, U.S. DISTRICT COURT
RICHMOND, VA

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Richmond Division

UNITED STATES OF AMERICA	)	
	)	
v.	)	**Criminal No. 3:11cr 248**
	)	
DAVID WHITE,	)	
	)	
	)	
Defendant.	)	
	)	

PLEA AGREEMENT

Neil H. MacBride, United States Attorney for the Eastern District of Virginia, Denis J. McInerney, Chief, United States Department of Justice, Criminal Division, Fraud Section, Michael Dry and Jessica Brumberg, Assistant United States Attorneys, Albert Stieglitz, Trial Attorney, the defendant, DAVID WHITE, and the defendant's counsel have entered into an agreement pursuant to Rule 11 of the Federal Rules of Criminal Procedure. The terms of the agreement are as follows:

1. Offense and Maximum Penalties

The defendant agrees to waive indictment and plead guilty to a one-count criminal information charging the defendant with conspiracy to commit mail fraud, money laundering, and securities fraud, in violation of Title 18, United States Code, Section 371. The maximum penalties for this offense are a term of five years of imprisonment, a fine of $250,000 or not more than the greater of twice the gross gain derived by any person from the offense, full restitution, a special assessment, and three years of supervised release. The defendant understands that any

White Exhibit 2

supervised release terms are in addition to any prison term the defendant may receive, and that a violation of a term of supervised release could result in the defendant being returned to prison for the full term of supervised release.

2. Factual Basis for the Plea

The defendant will plead guilty because the defendant is in fact guilty of the charged offense. The defendant admits the facts set forth in the statement of facts filed with this plea agreement and agrees that those facts establish guilt of the offense charged beyond a reasonable doubt. The statement of facts, which is hereby incorporated into this plea agreement, constitutes a stipulation of facts for purposes of Section 1B1.2(a) of the Sentencing Guidelines.

3. Assistance and Advice of Counsel

The defendant is satisfied that the defendant's attorney has rendered effective assistance. The defendant understands that by entering into this agreement, defendant surrenders certain rights as provided in this agreement. The defendant understands that the rights of criminal defendants include the following:

a. the right to plead not guilty and to persist in that plea;

b. the right to a jury trial;

c. the right to be represented by counsel – and if necessary have the court appoint counsel – at trial and at every other stage of the proceedings; and

d. the right at trial to confront and cross-examine adverse witnesses, to be protected from compelled self-incrimination, to testify and present evidence, and to compel the attendance of witnesses.

4. Role of the Court and the Probation Office

The defendant understands that the Court has jurisdiction and authority to impose any sentence within the statutory maximum described above but that the Court will determine the defendant's actual sentence in accordance with Title 18, United States Code, Section 3553(a). The defendant understands that the Court has not yet determined a sentence and that any estimate of the advisory sentencing range under the U.S. Sentencing Commission's Sentencing Guidelines Manual the defendant may have received from the defendant's counsel, the United States, or the Probation Office, is a prediction, not a promise, and is not binding on the United States, the Probation Office, or the Court. Additionally, pursuant to the Supreme Court's decision in *United States v. Booker*, 543 U.S. 220 (2005), the Court, after considering the factors set forth in Title 18, United States Code, Section 3553(a), may impose a sentence above or below the advisory sentencing range, subject only to review by higher courts for reasonableness. The United States makes no promise or representation concerning what sentence the defendant will receive, and the defendant cannot withdraw a guilty plea based upon the actual sentence. Further, in accordance with Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure, the United States agrees not to oppose the defendant's request – which is not binding on the Court – that the following provisions of the Sentencing Guidelines apply:

a. the applicable guideline section is U.S.S.G. § 2B1.1;

b. pursuant to U.S.S.G. § 2B1.1(a)(2), the base offense level is 6;

c. pursuant to U.S.S.G. § 2B1.1(b)(1), a 20-level enhancement is applicable because the offense involved a loss greater than $7,000,000, but less than $20,000,000;

d. pursuant to U.S.S.G. § 2B1.1(b)(9)(C)), a 2-level enhancement is applicable because the offense involved sophisticated means;

e. pursuant to U.S.S.G. § 2B1.1(b)(2)(B), a 4-level enhancement is applicable because the offense involved more than 50, but less than 250, victims; and,

f. pursuant to U.S.S.G. § 3C1.1, a 2-level enhancement is applicable because the defendant willfully attempted to obstruct and impede the administration of justice with respect to the investigation.

The United States and the defendant agree that the defendant has assisted the government in the investigation and prosecution of the defendant's own misconduct by timely notifying authorities of the defendant's intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the government and the Court to allocate their resources efficiently. If the defendant qualifies for a two-level decrease in offense level pursuant to U.S.S.G. § 3E1.1(a) and the offense level prior to the operation of that section is a level 16 or greater, the government agrees to file, pursuant to U.S.S.G. § 3E1.1(b), a motion prior to, or at the time of, sentencing for an additional one-level decrease in the defendant's offense level.

5. Waiver of Venue Claims, Appeal, FOIA and Privacy Act Rights

The defendant understands that he is waiving any claims that venue is improper in the Eastern District of Virginia for the offenses to which he is entering this guilty plea. The defendant also understands that Title 18, United States Code, Section 3742 affords a defendant the right to appeal the sentence imposed. Nonetheless, the defendant knowingly waives the right to appeal the conviction and any sentence within the statutory maximum described above (or the

manner in which that sentence was determined) on the grounds set forth in Title 18, United States Code, Section 3742 or on any ground whatsoever, in exchange for the concessions made by the United States in this plea agreement. This agreement does not affect the rights or obligations of the United States as set forth in Title 18, United States Code, Section 3742(b). The defendant also hereby waives all rights, whether asserted directly or by a representative, to request or receive from any department or agency of the United States any records pertaining to the investigation or prosecution of this case, including without limitation any records that may be sought under the Freedom of Information Act, Title 5, United States Code, Section 552, or the Privacy Act, Title 5, United States Code, Section 552a.

6. Special Assessment

Before sentencing in this case, the defendant agrees to pay a mandatory special assessment of one hundred dollars ($100.00) per count of conviction.

7. Payment of Monetary Penalties

The defendant understands and agrees that, pursuant to Title 18, United States Code, Section 3613, whatever monetary penalties are imposed by the Court will be due and payable immediately and subject to immediate enforcement by the United States as provided for in Section 3613. Furthermore, the defendant agrees to provide all of his financial information to the United States and the Probation Office and, if requested, to participate in a pre-sentencing debtor's examination. If the Court imposes a schedule of payments, the defendant understands that the schedule of payments is merely a minimum schedule of payments and not the only method, nor a limitation on the methods, available to the United States to enforce the judgment. If the defendant is incarcerated, the defendant agrees to participate in the Bureau of Prisons'

Inmate Financial Responsibility Program, regardless of whether the Court specifically directs participation or imposes a schedule of payments.

8. Restitution

Pursuant to 18 U.S.C. § 3663A(a)(3), the defendant agrees to the entry of a Restitution Order for the full amount of the victims' losses which includes all victims of the defendant's conduct as described in the Criminal Information and Statement of Facts filed in this matter. The defendant also agrees that restitution is due to victims of an offense listed in Title 18, United States Code, Section 3663A(c)(1)(A) that is not the offense of conviction but nonetheless gave rise to this plea agreement.

The parties acknowledge that determination of the identities, addresses and loss amounts for all victims in this matter is a complicated and time consuming process. To that end, defendant agrees, pursuant to 18 U.S.C. § 3664(d)(5), that the court may defer the imposition of restitution until after the sentencing; however, defendant specifically waives the 90 day provision found at 18 U.S.C. § 3664(d)(5) and consents to the entry of any orders pertaining to restitution after sentencing without limitation.

9. Immunity from Further Prosecution in this District

The United States will not further criminally prosecute the defendant in the Eastern District of Virginia for the specific conduct described in the information or statement of facts.

10. Defendant's Cooperation

The defendant agrees to cooperate fully and truthfully with the United States, and provide all information known to the defendant regarding any criminal activity as requested by the government. In that regard:

a. The defendant agrees to testify truthfully and completely at any grand juries, trials or other proceedings.

b. The defendant agrees to be reasonably available for debriefing and pre-trial conferences as the United States may require.

c. The defendant agrees to provide all documents, records, writings, or materials of any kind in the defendant's possession or under the defendant's care, custody, or control relating directly or indirectly to all areas of inquiry and investigation.

d. The defendant agrees that, at the request of the United States, the defendant will voluntarily submit to polygraph examinations, and that the United States will choose the polygraph examiner and specify the procedures for the examinations.

e. The defendant agrees that the Statement of Facts is limited to information to support the plea. The defendant will provide more detailed facts relating to this case during ensuing debriefings.

f. The defendant is hereby on notice that the defendant may not violate any federal, state, or local criminal law while cooperating with the government, and that the government will, in its discretion, consider any such violation in evaluating whether to file a motion for a downward departure or reduction of sentence.

g. Nothing in this agreement places any obligation on the government to seek the defendant's cooperation or assistance.

11. Use of Information Provided by the Defendant Under This Agreement

The United States will not use any truthful information provided pursuant to this agreement in any criminal prosecution against the defendant in the Eastern District of Virginia, except in any prosecution for a crime of violence or conspiracy to commit, or aiding and abetting, a crime of violence (as defined in Title 18, United States Code, Section 16). Pursuant to U.S.S.G. § 1B1.8, no truthful information that the defendant provides under this agreement will be used in determining the applicable guideline range, except as provided in § 1B1.8(b). Nothing in this plea agreement, however, restricts the Court's or Probation Officer's access to information and records in the possession of the United States. Furthermore, nothing in this agreement prevents the government in any way from prosecuting the defendant should the defendant knowingly provide false, untruthful, or perjurious information or testimony, or from using information provided by the defendant in furtherance of any forfeiture action, whether criminal or civil, administrative or judicial. The United States will bring this plea agreement and the full extent of the defendant's cooperation to the attention of other prosecuting offices if requested.

12. Prosecution in Other Jurisdictions

The United States Attorney's Office for the Eastern District of Virginia will not contact any other state or federal prosecuting jurisdiction and voluntarily turn over truthful information that the defendant provides under this agreement to aid a prosecution of the defendant in that jurisdiction. Should any other prosecuting jurisdiction attempt to use truthful information the defendant provides pursuant to this agreement against the defendant, the United States Attorney's Office for Eastern District of Virginia agrees, upon request, to contact that jurisdiction and ask that jurisdiction to abide by the immunity provisions of this plea agreement. The parties

understand that the prosecuting jurisdiction retains the discretion over whether to use such information.

13. Defendant Must Provide Full, Complete and Truthful Cooperation

This plea agreement is not conditioned upon charges being brought against any other individual. This plea agreement is not conditioned upon any outcome in any pending investigation. This plea agreement is not conditioned upon any result in any future prosecution which may occur because of the defendant's cooperation. This plea agreement is not conditioned upon any result in any future grand jury presentation or trial involving charges resulting from this investigation. This plea agreement is conditioned upon the defendant providing full, complete and truthful cooperation.

14. Motion for a Downward Departure

The parties agree that the United States reserves the right to seek any departure from the applicable sentencing guidelines, pursuant to Section 5K1.1 of the Sentencing Guidelines and Policy Statements, or any reduction of sentence pursuant to Rule 35(b) of the Federal Rules of Criminal Procedure, if, in its sole discretion, the United States determines that such a departure or reduction of sentence is appropriate.

15. The Defendant's Obligations Regarding Assets Subject to Forfeiture

The defendant agrees to identify all assets over which the defendant exercises or exercised control, directly or indirectly, within the past two years, or in which the defendant has or had during that time any financial interest. The defendant agrees to take all steps as requested by the United States to obtain from any other parties by any lawful means any records of assets owned at any time by the defendant. The defendant agrees to undergo any polygraph

examination the United States may choose to administer concerning such assets and to provide and/or consent to the release of the defendant's tax returns for the previous five years. The defendant agrees not to dissipate, sell, or otherwise transfer any assets under his control that are subject to forfeiture or restitution.

16. Forfeiture Agreement

The defendant agrees to forfeit all interests in any mail fraud related, asset that the defendant owns or over which the defendant exercises control, directly or indirectly, as well as any property that is traceable to, derived from, fungible with, or a substitute for property that constitutes the proceeds of his offense. Defendant acknowledges that the Court may impose a money judgment for the amount of proceeds dervied from the offense if traceable proceeds from the offense are not available. The defendant further agrees to waive all interest in the asset(s) in any administrative or judicial forfeiture proceeding, whether criminal or civil, state or federal. The defendant agrees to consent to the entry of orders of forfeiture for such property and waives the requirements of Federal Rules of Criminal Procedure 32.2 and 43(a) regarding notice of the forfeiture in the charging instrument, announcement of the forfeiture at sentencing, and incorporation of the forfeiture in the judgment. The defendant understands that the forfeiture of assets is part of the sentence that may be imposed in this case.

17. Waiver of Further Review of Forfeiture

The defendant further agrees to waive all constitutional and statutory challenges in any manner (including direct appeal, habeas corpus, or any other means) to any forfeiture carried out in accordance with this Plea Agreement on any grounds, including that the forfeiture constitutes an excessive fine or punishment. The defendant also waives any failure by the Court to advise

the defendant of any applicable forfeiture at the time the guilty plea is accepted as required by Rule 11(b)(1)(J). The defendant agrees to take all steps as requested by the United States to pass clear title to forfeitable assets to the United States, and to testify truthfully in any judicial forfeiture proceeding. The defendant understands and agrees that all property covered by this agreement is subject to forfeiture as proceeds of illegal conduct, property involved in illegal conduct giving rise to forfeiture, or substitute assets for property otherwise subject to forfeiture.

18. Breach of the Plea Agreement and Remedies

This agreement is effective when signed by the defendant, the defendant's attorney, and an attorney for the United States. The defendant agrees to entry of this plea agreement at the date and time scheduled with the Court by the United States (in consultation with the defendant's attorney). If the defendant withdraws from this agreement, or commits or attempts to commit any additional federal, state or local crimes, or intentionally gives materially false, incomplete, or misleading testimony or information, or otherwise violates any provision of this agreement, then:

a. The United States will be released from its obligations under this agreement, including any obligation to seek a downward departure or a reduction in sentence. The defendant, however, may not withdraw the guilty plea entered pursuant to this agreement;

b. The defendant will be subject to prosecution for any federal criminal violation, including, but not limited to, perjury and obstruction of justice, that is not time-barred by the applicable statute of limitations on the date this agreement is signed. Notwithstanding the subsequent expiration of

the statute of limitations, in any such prosecution, the defendant agrees to waive any statute-of-limitations defense; and

c. Any prosecution, including the prosecution that is the subject of this agreement, may be premised upon any information provided, or statements made, by the defendant, and all such information, statements, and leads derived therefrom may be used against the defendant. The defendant waives any right to claim that statements made before or after the date of this agreement, including the statement of facts accompanying this agreement or adopted by the defendant and any other statements made pursuant to this or any other agreement with the United States, should be excluded or suppressed under Fed. R. Evid. 410, Fed. R. Crim. P. 11(f), the Sentencing Guidelines or any other provision of the Constitution or federal law.

Any alleged breach of this agreement by either party shall be determined by the Court in an appropriate proceeding at which the defendant's disclosures and documentary evidence shall be admissible and at which the moving party shall be required to establish a breach of the plea agreement by a preponderance of the evidence. The proceeding established by this paragraph does not apply, however, to the decision of the United States whether to file a motion based on "substantial assistance" as that phrase is used in Rule 35(b) of the Federal Rules of Criminal Procedure and Section 5K1.1 of the Sentencing Guidelines and Policy Statements. The defendant agrees that the decision whether to file such a motion rests in the sole discretion of the United States.

19. Nature of the Agreement and Modifications

This written agreement constitutes the complete plea agreement between the United States, the defendant, and the defendant's counsel. The defendant and his attorney acknowledge that no threats, promises, or representations have been made, nor agreements reached, other than those set forth in writing in this plea agreement, to cause the defendant to plead guilty. Any modification of this plea agreement shall be valid only as set forth in writing in a supplemental or revised plea agreement signed by all parties.

NEIL H. MACBRIDE
UNITED STATES ATTORNEY

By: Jessica A. Brumberg
Michael S. Dry
Jessica Aber Brumberg
Assistant United States Attorneys
Eastern District of Virginia

DENIS J. MCINERNEY
CHIEF, FRAUD SECTION

By:
Albert Stieglitz, Jr.
Trial Attorney, Fraud Section
Department of Justice

Defendant's Signature: I hereby agree that I have consulted with my attorney and fully understand all rights with respect to the pending criminal information. Further, I fully understand all rights with respect to Title 18, United States Code, Section 3553 and the provisions of the Sentencing Guidelines Manual that may apply in my case. I have read this plea agreement and carefully reviewed every part of it with my attorney. I understand this agreement and voluntarily agree to it.

Date: 2/15/11

David White

Defense Counsel Signature: I am counsel for the defendant in this case. I have fully explained to the defendant the defendant's rights with respect to the pending information. Further, I have reviewed Title 18, United States Code, Section 3553 and the Sentencing Guidelines Manual, and I have fully explained to the defendant the provisions that may apply in this case. I have carefully reviewed every part of this plea agreement with the defendant. To my knowledge, the defendant's decision to enter into this agreement is an informed and voluntary one.

Date: 2/15/11

William Dinkin, Esq.
Claire Cardwell, Esq.
Counsel for the Defendant

U. S. DEPARTMENT OF JUSTICE

Statement of Special Assessment Account

This statement reflects your special assessment only. There may be other penalties imposed at sentencing.

ACCOUNT INFORMATION	
CRIM. ACTION NO.:	3:11cr
DEFENDANT'S NAME:	David C. White
PAY THIS AMOUNT:	$100.00

INSTRUCTIONS:

1. **MAKE CHECK OR MONEY ORDER PAYABLE TO:**
   CLERK, U.S. DISTRICT COURT

2. **PAYMENT MUST REACH THE CLERK'S OFFICE BEFORE YOUR SENTENCING DATE**

3. **PAYMENT SHOULD BE SENT TO:**

	In person (9 AM to 4 PM)	By mail:
Richmond cases:	Clerk, U.S. District Court 701 East Broad Street, Suite 3000 Richmond, VA 23219	

4. **INCLUDE DEFENDANT'S NAME ON CHECK OR MONEY ORDER**

5. ENCLOSE THIS COUPON TO INSURE PROPER and PROMPT APPLICATION OF PAYMENT

FILED
FEB 15 2011
CLERK, U.S. DISTRICT COURT
RICHMOND, VA

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Richmond Division

UNITED STATES OF AMERICA	)	
	)	
v.	)	**Criminal No. 3:11cr 248**
	)	
DAVID WHITE,	)	
	)	
	)	
Defendant.	)	
	)	

STATEMENT OF FACTS

The United States and the defendant, DAVID WHITE, agree that the allegations in the Criminal Information and the following facts are true and correct, and that had this matter proceeded to trial, the United States would have proven each of them beyond a reasonable doubt:

The Conspirators

1. From in or about September 2007 through in or about February 2008, Defendant DAVID WHITE was an individual residing in Missouri City, Texas. He was the President of a number of businesses that marketed life settlements to investors. These business included, but were not limited to: A&O Resource Management, Ltd.; A&O Capital Management, LLC; Houston Tanglewood Partners, LLC; A&O Bonded Life Assets, LLC; A&O Bonded Life Assets Management, LLC; A&O Life Fund, LLC; A&O Life Fund Management, LLC; A&O Life Funds, LP; Life Fund 5.1, LLC; Life Fund 5.1 Management, LLC; Life Fund 5.2, LLC; Life Fund 5.2 Management, LLC; AB Revocable Living Fund, LLC; and AB Revocable Living Fund Management, LLC (collectively referred herein as "A&O").

White Exhibit 1

2. Christian M. Allmendinger was an individual residing in Houston, Texas, who was at one time a part-owner of A&O.

3. Adley H. Abdulwahab was an individual residing in Houston, Texas who owned and operated a company named Houston Investment Center ("HIC") that marketed A&O's life settlement investment products to investors. In addition, Abdulwahab became a part-owner of A&O.

4. Brent P. Oncale was an individual residing in Houston, Texas who was a part-owner of A&O.

5. Russell E. Mackert was an attorney residing in Houston, Texas who performed legal services for A&O.

6. Other conspirators, not named herein, included other executives, employees, and/or independent sales agents for A&O.

Background

7. A&O, which was founded in or about November 2004 by Christian Allmendinger and Brent Oncale, obtained life settlements from a wholesale life settlement company and marketed and sold whole and fractionalized interests in those life settlements to investors.

8. A life settlement is an investment in which a person ("the insured") sells his life insurance policy for a cash payment, which is a percentage of the life insurance policy's face value or death benefit. The "face value" or "death benefit" of the policy is the amount of money the insurance company has promised to pay when the insured dies.

9. Once the insured sells his life insurance policy, he no longer is responsible for paying the policy's premiums. The life settlement company thereafter assumes responsibility for arranging the payment of any premiums.

10. All premiums due prior to the death of the insured must be paid in full and on a timely basis to prevent additional cost or lapse of the policy. If an insurance policy lapses for any reason, such as failure to pay premiums, the policy's death benefit and any investment dependent on that benefit may be lost.

11. A policy is said to have "matured" when the insured dies and the insurance company is required to pay the death benefit to the designated parties ("the beneficiaries").

12. Life settlement companies often sell fractionalized interests in life insurance policies as investments. In such sales, investors are buying the right to receive a portion of the death benefit when the insured dies. The sale of fractional interests allows investors to invest smaller amounts of money.

13. Investors who purchase life settlements only realize a profit if the total amount invested in the policy, including the purchase price and any additional premium costs, is less than the amount of the death benefit. Typically, the longer an insured lives, the more expensive it is to maintain a life settlement.

14. The period of time that the insured is predicted to live is called his "life expectancy." For an investor in life settlements, the insured's life expectancy is used to determine, among other things: (i) how much money needs to be set aside to pay future premiums; (ii) when the investor can expect to receive a payout on his or her investment; and (iii) the amount of profit the investor can expect to receive.

15. One risk of investing in a life settlement is that the insured will live past his calculated life expectancy, and thereby reduce the expected return on the investment by requiring more premiums. This risk is often referred to as "maturity risk" or "longevity risk."

16. Another risk of life settlement investments is the possibility that the underlying insurance policy will lapse due to a failure to pay premiums. If premiums are not paid, the insurance company has no obligation to pay the death benefit when the insured dies.

Overview of the Conspiracy

17. In or about September of 2007, WHITE joined an ongoing conspiracy to commit mail fraud, money laundering, and securities fraud.

Mail Fraud

18. A purpose of the mail fraud conspiracy was to mislead investors regarding A&O's safekeeping and use of investor funds and the risks of A&O's investment offerings in order to obtain investor funds so that the conspirators could profit personally.

19. Allmendinger, Abdulwahab, WHITE, and their co-conspirators made, and caused to be made, material misrepresentations and omissions designed to mislead investors regarding A&O, the risks of A&O's investment offerings, and A&O's safekeeping and use of investor funds.

20. A&O's investors were led to believe that their money would be deposited into escrow accounts that would be utilized for the purchase of life settlements, the purchase of reinsurance bonds, and the payment of future premiums due for the underlying life insurance policies. In truth and fact, the escrow accounts were almost never utilized for any of these purposes and had no practical business purpose other than to reassure A&O's investors about the safety and legitimacy of their investments. The escrow accounts were merely pass-throughs;

almost all A&O investor funds ultimately were commingled in A&O's bank accounts, over which Allmendinger, Abdulwahab, WHITE, and other co-conspirators had control.

21. A&O's investors were led to believe that a portion of their investment would be set aside and used to pay all future premiums due for the underlying insurance policies for the term of their investments either up-front, from an escrow account, or from a premium reserve account. In truth and fact, A&O did not usually pay premiums up-front and did not establish a premium reserve account to set aside a portion of investor funds to pay the necessary future premiums.

22. Through A&O's private offering memorandum ("POM") investors in A&O's Capital Appreciation Bonds were led to believe that 95% of investor funds received by A&O would be invested by A&O in purchasing and maintaining a portfolio of life settlements. In truth and fact, it was impossible for A&O to invest 95% of investor funds as described in the POM because A&O was paying sales agents commissions of approximately 10% for every sale. In addition, Allmendinger, Abdulwahab, WHITE, and their co-conspirators failed to inform A&O Capital Appreciation Bond investors that the majority of investor money was used for purposes wholly unrelated to purchasing and maintaining portfolios of life settlements.

23. Investors in A&O's Capital Appreciation Bonds were never informed that Abdulwahab, who was the fund manager for each of the A&O-related hedge funds issuing the Capital Appreciation Bonds, had been charged with and pleaded guilty to forgery of a commercial interest in Texas in 2004.

24. In addition to the above described material misrepresentations and omissions to investors during A&O's investment offerings, the conspirators' scheme to defraud also consisted of lulling investors after A&O had ceased selling its investment offerings to avoid detection of the scheme.

25. Investors were led to believe that the sale of A&O had resulted in Abdulwahab and Oncale no longer having ownership or control over A&O. In truth and fact, Abdulwahab and Oncale continued to own and operate A&O after the sham sales transaction.

26. In addition, the conspirators misled A&O's outside counsel and state regulators regarding A&O's investment offerings in order to continue taking in new investor monies and to avoid detection of the scheme.

27. The conspirators led Law Firm C and state regulators to believe that Abdulwahab and Oncale had no ownership or control in A&O after the "sale" of A&O to Blue Dymond and Physician's Trust. In truth and fact, Abdulwahab and Oncale continued to own and operate A&O after the sham sales transaction.

28. Based on material misrepresentations and omissions by WHITE and other conspirators, Law Firm C was led to believe that A&O would not offer its investment offerings through unlicensed sales agents. In truth and fact, A&O continued taking in millions of dollars, including investor funds generated by unlicensed sales agents, until in or about January 2008.As part of the scheme to defraud, A&O routinely used United States mail and private mail carriers to send marketing materials, investment documentation, private offering memoranda, correspondence with state regulators, and sales commission checks. A&O also routinely caused mailings through United States mail and private mail carriers, including investment policies and investor checks.

29. Many of these mailings came to or from the Eastern District of Virginia, including a package delivered via Federal Express on November 23, 2007, from sales agent T.B. in Richmond, Virginia, to A&O's office in Houston, Texas, containing a check, in the amount of $115,000, from investors J.B. and B.B.

Money Laundering

30. As part of the scheme to defraud, the coconspirators routinely paid commissions to sales agents to incentivize them to sell more A&O life settlements to new investors. These commissions represented the proceeds of mail fraud to promote the carrying on of mail fraud.

31. Many of these commission payments went to sales agents in the Eastern District of Virginia, including a December 31, 2007, transfer of approximately $43,969, via check drawn on A&O's Wells Fargo bank account No. ####2369, to sales agent T.B. in Richmond, Virginia, as a commission payment for the sale of an A&O Capital Appreciation Bond to an investor.

Securities Fraud

32. As part of the scheme to defraud, Allmendinger, Abdulwahab, WHITE, and their coconspirators willfully and knowingly sold Capital Appreciation Bonds, a security, by the use of the means and instruments of transportation and communication in interstate commerce and by the use of the mails, directly and indirectly: (a) employed a device, scheme, and artifice to defraud; (b) obtained money by means of untrue statements of material fact and omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and, (c) engaged in transactions, practices, and courses of business which operated as a fraud and deceit upon investors.

33. On December 7, 2007, A&O sales agent T.B. in Richmond, Virginia delivered a package via Federal Express containing copies of two checks – in the amounts of $157,104 and $89,314 – for the benefit of investor M.S. to A&O's office in Houston, Texas.

34. From the time that WHITE joined the conspiracy in or about September of 2007 until A&O stopped accepting investor funds in or about January of 2008, A&O took in more than $7 million but less than $20 million in investor funds from more than 50 but fewer than 250 investors.

35. The defendant engaged in the conduct described above knowingly and willfully, and not because of accident, mistake, or other innocent reason.

NEIL MACBRIDE
UNITED STATES ATTORNEY

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By:
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United States Department of Justice

DECLARATION

By my signature appearing below, I affirm under penalty of perjury that I have read and agree with the contents of this statement of facts and the same is incorporated by reference into the plea agreement. Moreover, I admit that I participated in the underlying criminal conduct as stated. This is the _____ day of February, 2011.

2/17/11
Date

David C. White
Defendant

I am the attorney for the defendant and I have read and agree with the statement of facts.

2/15/11
Date

William Dinkin, Esq.
Claire Cardwell, Esq.
Counsel for Defendant David C. White