

DISTRICT COURT, CITY AND COUNTY OF DENVER,
COLORADO

City & County Building
1437 Bannock Street
Denver, Colorado 80202

FRED J. JOSEPH, Securities Commissioner for the State of
Colorado,

Plaintiff,

v.

LIFE PARTNERS, INC., a Texas corporation; LIFE
PARTNERS HOLDINGS, INC., a Texas corporation;
SCOTT PEDEN; SCOTT BEEMER; ERIC COX; LOWRY
LYNNE DAVIS; GARY HANSON; TIM HARPER;
KENNETH KELLER; MIKE LOWE; LARRY MIKLESON;
JOHN ROTH; RALPH SIEBERT and BRIAN PARDO

Defendants.

▲ COURT USE ONLY ▲

Case Number: 2007CV5218

Division: 5

STIPULATION FOR PERMANENT INJUNCTION AND OTHER RELIEF

Plaintiff, Fred J. Joseph, Securities Commissioner for the State of Colorado ("Commissioner"), and Defendants Life Partners, Inc., Life Partners Holdings, Inc., Scott Peden and Brian Pardo (collectively "LP Defendants"), hereby enter into the following Stipulation ("Stipulation") in the above-captioned case:

WHEREAS, the Commissioner filed this action to enjoin the alleged violations by the LP Defendants of the Colorado Securities Act ("Act"), specifically §11-5 1- 301, 401 and 501, C.R.S., requesting a permanent injunction, damages and other equitable relief on behalf of some or all investors injured by said violations, as set forth in the Complaint for Injunctive and Other Relief, as amended, ("Complaint"), filed in this matter that is incorporated herein by reference; and

WHEREAS, the Court has jurisdiction over the LP Defendants and the subject matter of this action; and

WHEREAS, the parties believe that it is in their best interests to enter into this Agreement to reduce costs of litigation and promote a fair, just, and equitable resolution of this action;

IT IS THEREFORE AGREED by and between the Commissioner and the LP Defendants as follows:

1. Life Partners, Inc. agrees to the form of the permanent injunction, attached hereto as Exhibit A, entered by this Court on December 2, 2008. As part of its settlement with the Commissioner, Defendant Life Partners Holdings, Inc. also agrees to the entry of an order of permanent injunction attached hereto as Exhibit A. Both Life Partners Inc and Life Partners Holdings, Inc. agree to not appeal the Court's December 2, 2008 Order granting Plaintiff's Motions for Summary Judgment, and that the Court's Order shall be the final judgment between the parties.

2. The Commissioner acknowledges that Defendant Life Partners, Inc. has offered to repurchase the viatical settlement policy interests from all Colorado residents who purchased viatical settlements since January 1, 2006 ("Colorado Residents"). Additionally, no investor has alleged or asserted any impropriety against Defendants with respect to their investment and all purchasers represented themselves to be accredited investors before investing. Life Partners, Inc. agrees to reoffer rescission in accordance with the Colorado Statute to all Colorado purchasers of viatical settlements for the period alleged in the Commissioner's Complaint. The rescission offer will be made by letter by or before January 31, 2009, and will require the purchasers' acceptance of the offer by or before March 3, 2009. The rescission offer will state the Commissioner's allegations and Defendants' defenses, and will state that, without admitting or denying any of the Commissioner's allegations, Life Partners, Inc. is making the rescission offer as part of a settlement of the Commissioner's lawsuit against it. Payment to all Colorado purchasers accepting the rescission offer will occur by or before April 30, 2009. With regard to those individuals who have previously accepted Life Partners, Inc.'s prior repurchase offer, they will receive an additional sum consistent with statutory requirements, in addition to the amounts already received by them.

3. Nothing herein shall prohibit LP Defendants from performing ministerial services for the above referenced Colorado Residents, including sales or transfers of such interests initiated by the Colorado Residents or facilitating the transfer of ownership of such interests to non-Colorado residents so long as such sales or transfers are made in accordance with applicable state and federal laws and regulations. Any future sales of viatical settlement contracts in the State of Colorado will be made in accordance with applicable state and federal regulations.

4. By entering into this Agreement, the LP Defendants neither admit nor deny the allegations found in the Complaint, as amended.

5. By entering into this Stipulation, the parties agree that this Stipulation and entry of permanent injunction will fully resolve all claims related to the allegations raised in the Complaint against the LP Defendants. Each party is to bear their own costs and attorneys fees.

6. The Commissioner agrees to the entry of an order of dismissal with prejudice as against Defendants Peden and Pardo in the above captioned action.

DEFENDANTS SCOTT PEDEN AND LIFE PARTNERS, INC.

December 9, 2008
Date

Scott Peden, both individually and as President of Life Partners, Inc.

Subscribed to and sworn to before me by Scott Peden in City of Denver County, State of Colorado, this 9th day of December, 2008.

JOHNY SEAY
NOTARY PUBLIC
STATE OF COLORADO
My Commission Expires July 7, 2009

7/7/09

Johnny Seay

DEFENDANTS BRIAN PARDO AND LIFE PARTNERS HOLDINGS, INC.

Date

Brian Pardo, both individually and as President of Life Partners Holdings, Inc.

Subscribed to and sworn to before me by Brian Pardo in _____ County, State of _____, this _____ day of _____, 2008.

NOTARY PUBLIC
My Commission expires:

Date

FRED J. JOSEPH,
Securities Commissioner

6. The Commissioner agrees to the entry of an order of dismissal with prejudice as against Defendants Peden and Pardo in the above captioned action.

DEFENDANTS SCOTT PEDEN AND LIFE PARTNERS, INC.

Date _____ Scott Peden, both individually and as President of Life Partners, Inc.

Subscribed to and sworn to before me by Scott Peden in _____ County, State of _____, this _____ day of _____, 2008.

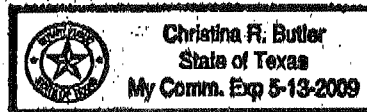
NOTARY PUBLIC
My Commission expires:

DEFENDANTS BRIAN PARDO AND LIFE PARTNERS HOLDINGS, INC.

Date 12-10-08 _____
Brian Pardo, both individually and as President of Life Partners Holdings, Inc.

Subscribed to and sworn to before me by Brian Pardo in McSennar County, State of Texas this 10 day of December 2008.

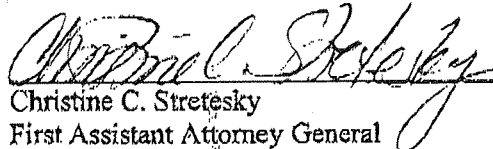
NOTARY PUBLIC
My Commission expires:



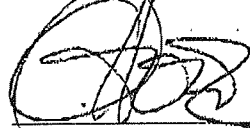
Christina R. Butler

Date 12-10-08 _____
FRED J. JOSEPH,
Securities Commissioner

Approved As To Form:
JOHN W. SUTHERS
ATTORNEY GENERAL


Christine C. Stretesky
First Assistant Attorney General
Attorneys for Plaintiff

ROBINSON WATERS & O'DORISIO, P.C.


Otto K. Hilbert, II
Attorney for LP Defendants

<p>DISTRICT COURT, CITY AND COUNTY OF DENVER, COLORADO</p> <p>1437 Bannock Street Denver, CO 80202</p> <p>FRED J. JOSEPH, Securities Commissioner for the State of Colorado,</p> <p>Plaintiff,</p> <p>v.</p> <p>LIFE PARTNERS, INC., a Texas Corporation, LIFE PARTNERS HOLDINGS, INC., a Texas Corporation, SCOTT PEDEN, SCOTT BEEMER, ERIC COX, LOWRY LYNNE DAVIS, GARY HANSON, TIM HARPER, KENNETH KELLER, MIKE LOWE, LARRY MICKELSON, JOHN ROTH, RALPH SIEBERT, AND BRIAN PARDO,</p> <p>Defendants.</p>	<p style="text-align: center;">^ COURT USE ONLY ^</p>
	<p>Case No.: 2007 CV 5218</p> <p>Div.: 5</p>
<p>ORDER OF PERMANENT INJUNCTION AND OTHER RELIEF</p>	

THIS MATTER is before the Court on the Securities Commissioner's Complaint for Permanent Injunction and Other Relief, as amended, Plaintiff's Motion for Partial Summary Judgment as to Claims Pursuant to § 11-51-301, C.R.S. (Offer and Sale of Unregistered Securities), and Plaintiff's Motion for Partial Summary Judgment as to Claims Pursuant to § 11-51-401, C.R.S. (Unlicensed Sales Representative Activity) and the Stipulation for Entry of Permanent Injunction and Other Relief entered between the Commissioner and Defendants Life Partners, Inc., Life Partners Holdings, Inc, Scott Peden and Brian Pardo. Based on the foregoing as well as the Court's Order of December 2, 2008, it is hereby **ORDERED** as follows:

1. The Court has jurisdiction over Defendants Life Partners, Inc., Life Partners Holdings, Inc, Scott Peden and Brian Pardo and the subject matter of this action.
2. The Findings and Conclusions contained in the Court's December 2, 2008 Order granting Plaintiff's Motions for Summary Judgment are incorporated herein and apply to Defendants Life Partners, Inc. and Life Partners Holdings, Inc.

3. The parties shall comply with the provisions of the Stipulation attached hereto, and such Stipulation shall be incorporated into and made a part of this Order as if fully stated herein.

4. Defendants Life Partners, Inc. and Life Partners Holdings, Inc. shall be immediately and permanently restrained and enjoined from engaging in any of the following acts:

a. Offering to sell or selling any securities in Colorado unless such securities are registered pursuant to §§11-51-302, 303, or 304, C.R.S., or successor statute or exempt from registration pursuant to sections 11-51-307 or 308, C.R.S., or successor statutes; and

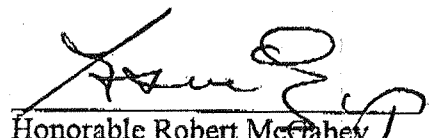
b. Engaging in business in Colorado as an issuer, securities broker-dealer, sales representative, investment adviser, or investment adviser representative, as may be, in violation of §§ 11-51-401 and 402, C.R.S., or successor statute.

5. This Court shall only retain jurisdiction over this action and reserves the power to enter additional Orders to effectuate and to ensure the compliance of Defendants Life Partners Inc. and Life Partners Holdings, Inc. with this Order. Otherwise, the parties have agreed that all claims related to the allegations raised in the Complaint are fully resolved.

6. Failure of Defendants Life Partners, Inc. and Life Partners Holdings, Inc. to comply with this order may be punished as contempt.

Dated this 10 day of December, 2008.

BY THE COURT:


Honorable Robert McCahey
District Court Judge