



## **NEWS RELEASE**

**For Immediate Release - December 3, 2008**

### **SECURITIES COMMISSIONER OBTAINS COURT ORDER AGAINST LIFE PARTNERS, INC.**

**Denver, Colorado** --- Colorado Securities Commissioner Fred J. Joseph announced today that Denver District Court Judge Robert McGahey granted summary judgment in favor of the Securities Commissioner and against Life Partners, Inc., finding that Life Partners sold unregistered securities in Colorado without a license, which is in violation of the Colorado Securities Act. As a result, the Court entered a permanent injunction against Life Partners prohibiting them from selling unregistered viatical settlements in Colorado without a proper license. A viatical or life settlement is the sale of a life insurance policy by a terminally-ill person or senior citizen at a price discounted from the face value of the policy. Investors pay the premiums and receive the face value of the life insurance policy when the insured dies. In turn, the insured receives a portion of the proceeds of his life insurance policy as a lump sum.

In his complaint, the Commissioner alleged that from as early as 2004 and continuing through 2007, Life Partners raised over \$11.5 million from more than 110 Colorado investors through a fraudulent, unregistered offering of securities in the form of fractionalized interests in viatical and life settlements.

In reaching this result, the Court found that the viatical or life settlements sold by Life Partners in Colorado were securities.

"We are very pleased with the court ruling," says Commissioner Joseph. "Life Partners has long maintained that their viatical investment products are not securities. With this ruling, Life Partners now needs to comply with the securities laws in Colorado, meaning they have to disclose to investors all the risks inherent in viatical investments, including the risk on gambling on when someone will die."

The trial on the remaining charges, including the fraud claims against Life Partners, is set for December 8, 2008. According to the Commissioner's complaint, Life Partners failed to disclose to investors the method by which life expectancy was determined; the high frequency rate in which viators outlived the life expectancies predicted by Life Partners; and that if the viator outlived the life expectancies, the investor was liable to make the premium payments. It is further alleged that Life Partners failed to disclose the original purchase price of the policy and commissions paid to the sales agents, making it impossible for an investor to determine the true market value of the policy.

Life Partners is a wholly-owned subsidiary of Life Partners Holding, Inc., a publicly traded company.

In its ruling, the Court also entered summary judgment against the individuals who sold the Life Partner viatical investments in Colorado ruling they sold the viatical investments without a securities license in violation of the Colorado Securities Act. Named in the order are **Tim Harper**, Waco, Texas, **Scott Beemer**, Colorado Springs, Colorado, **Eric Cox**, Fort Collins, Colorado, **Lowry Lynne Davis**, Fort Collins, Colorado, **Gary Hanson**, Colorado Springs, Colorado, **Kenneth Keller**, Fort Collins, Colorado, **Mike Lowe**, Fort Collins, Colorado, **Larry Mickelson**, Loveland, Colorado, **John Roth**, Fort Collins, Colorado, and **Ralph Seibert**, Colorado Springs, Colorado. The Court entered a permanent injunction against these individuals prohibiting them selling securities in Colorado without a proper license.

The Commissioner is represented in the action by attorneys from the Office of the State Attorney General John Suthers.

A copy of the Court's order can be found at:

[http://www.dora.state.co.us/securities/pdf\\_forms/enforcement/lifepartners-summaryorder.pdf](http://www.dora.state.co.us/securities/pdf_forms/enforcement/lifepartners-summaryorder.pdf)

*DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.*

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