

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

FILED IN THE DISTRICT COURT
OKLAHOMA COUNTY, OKLA.

MAR -5 2003

PATRICIA PRESLEY, COURT CLERK
by _____
Deputy

Oklahoma Department of Securities,)
ex rel. Irving L. Faught, Administrator,)
)
Plaintiff,)
)
v.)
)
Accelerated Benefits Corporation,)
a Florida corporation, et al.,)
)
Defendants.)

Case No. CJ-99-2500-66

**HINKLES' RESPONSE TO CONSERVATOR'S APPLICATION FOR APPROVAL
OF PURCHASE CONTRACT WITH INFINITY CAPITAL SERVICES, INC.**

ABC Investors John C. Hinkle and Wanda B. Hinkle (collectively referred to herein as the "Hinkles"), for their response to the Conservator's Application for Approval of Purchase Contract with Infinity Capital Services, Inc., state as follows:

1. On December 19, 2002, the Hinkles filed a Motion for Removal of Policies Upon Receipt of Information Requested from the Conservator. The policies at issue (the "Hinkle policies") are policies which do not appear to be a burden to the Conservatorship with respect to premium payments.¹

2. On December 20, 2002, at or just prior to the evidentiary hearing on the Conservator's motion for approval of the sale of the viatical portfolio, the Court made favorable comments concerning the Motion for Removal but did not make a final ruling. (See Transcript at pp. 10-13, attached hereto as Exhibit A.)

¹As previously stated, Mrs. Hinkle invested all of her savings with ABC, and Mr. Hinkle, who works for a church, invested most or all of his retirement savings. The Hinkles do not have the resources to bring a separate action against the defendants and are simply trying to minimize the losses that they are suffering in this matter.

3. On December 23, 2002, the Court approved the Conservator's motion for approval of the sale of the viatical portfolio.

4. Subsequently, on January 10, 2003, the Court granted the Hinkles' motion to compel the Conservator to produce certain information, and the corresponding order was filed on January 15, 2003.

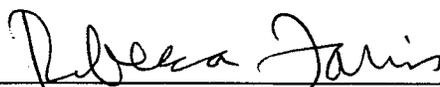
5. Some information has been produced pursuant to the order, but it was far less informative than the Hinkles could possibly have anticipated. For example, the policy files did not even contain copies of the actual policies. The Hinkles have since requested that the Conservator, as the owner of the policies, request additional information from the insurance companies, and the Conservator's counsel has indicated cooperation in these requests.

6. Until that additional information is received, the Hinkles cannot make an informed decision as to whether it is in their best interest to remove the policies at issue from the Conservatorship portfolio.

7. The sale contract which the Court has been asked to approve would apparently pass title to the Hinkles' policies from the Conservator to Infinity.

8. The Hinkles ask the Court to take the Conservator's motion under advisement until after they have received the additional information described above. Alternatively, should the Court approve the sale contract before the additional information is received, the Hinkles ask that their policies be transferred to Infinity with the understanding that the Court may subsequently order Infinity to release the policies to the Hinkles within seven (7) days after they receive the additional information requested.

Respectfully submitted,



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ATTORNEYS FOR JOHN C. HINKLE
AND WANDA B. HINKLE

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing instrument was mailed this 5th day of March, 2003, to the following:

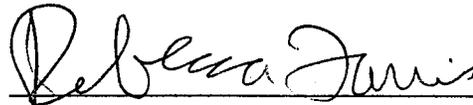
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A handwritten signature in cursive script that reads "Rebecca Farris". The signature is written in black ink and is positioned above a horizontal line.

Rebecca A. Farris

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IN THE DISTRICT COURT OF OKLAHOMA COUNTY, STATE OF OKLAHOMA

Oklahoma Department of Securities,)
ex rel. Irving L. Faught, Administrator,)

Plaintiff,)

vs.)

Accelerated Benefits Corporation, a)
Florida corporation, et al.,)

Defendants.)

CASE NO. CJ-99-2500

COPY

* * * * *

SEVENTH JUDICIAL DISTRICT OF OKLAHOMA

MOTION HEARING

TRANSCRIPT OF PROCEEDINGS

HAD ON THE

20TH DAY OF NOVEMBER, 2002

BEFORE THE HONORABLE DANIEL L. OWENS

DISTRICT JUDGE

* * * * *

Reported By:

Cynthia Kay Jones, RMR
Official Court Reporter
321 W. Park, Room 304
Oklahoma City, Oklahoma 73102
(405) 713-1149

EXHIBIT A

1 The conservator's objection to the standing of
2 LifeAlliance will be overruled. And the reason that is, I
3 would like to hear from anyone who has a potential interest in
4 making a purchase of this-- these policies because the reality
5 is that the Court's obligation is to make sure that the most
6 money can be achieved for the return to these investors which
7 can be achieved. And I don't think I can do that without
8 letting some folks talk about it who have an interest.

9 That doesn't mean that we are going to spend all day
10 trying to destroy the proposal someone else has made, but if
11 someone can present some evidence to me as to why their
12 proposal may be better and a more beneficial interest to the
13 investors who are involved.

14 I think there's a motion by LifeAlliance to exclude the
15 proposal of Infinity Capital Services and others.

16 MR. HARTMAN: I believe that would only be
17 appropriate after the evidence is before the Court.

18 THE COURT: So in other words, when we get to
19 the end you may say you shouldn't take theirs because it's no
20 good. Right? I thought there was a different reason for it.
21 I thought it was because they were outside the time frame of
22 which the conservator--

23 MR. HARTMAN: But I think that's an evidentiary
24 question, Judge.

25 THE COURT: There were some other things that

1 were filed and I think one was a motion of first refusal. I
2 thought we had worked out that problem between the Hinkles and
3 the conservator but evidently that hasn't been worked out. Has
4 the information not been forthcoming? Is that the problem?

5 MS. FARRIS: We received the information this
6 morning and I have looked it over and it looks to me like two
7 policies are not-- premiums are not having to be paid on them.
8 And if that's the case then we would like to just take those
9 out of what's being sold because they are not a burden to the
10 conservatorship.

11 THE COURT: That hasn't-- have you had that
12 discussion with counsel for the conservator or have you had the
13 opportunity to do that?

14 MS. FARRIS: That was the motion I filed late
15 yesterday.

16 MR. MANNING: We just got the information
17 collected today. We haven't had any discussion with regard to
18 that. We don't know at this point-- I mean, one of them is a
19 disability premium waiver. If the viator is no longer
20 disabled, obviously premiums will have to be paid. That status
21 could change tomorrow for all we know. We would have to look
22 at that and determine whether they could properly be excluded
23 or not.

24 THE COURT: But if it's one as we've had in the
25 past, one would assume if there is no premium due those folks

1 should be allowed to be removed from this portfolio and go
2 somewhere else. Correct?

3 MR. MANNING: That is different than what we've
4 had in the past, Your Honor. What we've had in the past, the
5 policies that we have allowed to be removed were policies in
6 which there was a single investor-- the single investor was
7 paying all the premiums. And as long as he was paying all the
8 premiums those policies were allowed to be removed.

9 It's a little different when you have something that is
10 possibly a temporary waiver of premiums as opposed to a single
11 investor who owns the policy and is the only beneficiary on the
12 policy and is willing to pay all the premiums and continue to
13 pay all the premiums on the policy and take complete control
14 and responsibility for them.

15 THE COURT: One would assume if we were to look
16 at the disability of the viator~~x~~ and to determine that it was a
17 disability which would never be overcome, that those premiums
18 would be paid and these folks would be in a position that
19 policy could be removed because there would be no reason to
20 sell it by the investor. Would that be a fair analysis?

21 MR. MANNING: That's true. And we haven't had
22 the opportunity to make the analysis yet.

23 THE COURT: Sometimes we take a long way to get
24 around the barn and run in the front door. That's a legal
25 term, I guess.

1 If that's the situation it wouldn't make any sense your
2 clients' policies couldn't be removed and we will take care of
3 that. We will have to investigate it. I'm not sure in this
4 type of situation how you could ever have a policy that would
5 have a disability premium or a premium waiver for disability
6 because the very nature of these policies should be one that
7 the person is terminal.

8 MR. MANNING: That's supposed to be the case. It
9 only applies to one of the three policies as well, Your Honor.
10 The other policy is actually a policy that the premiums are
11 being withheld from the viator through his employment and that
12 could change any day as well.

13 THE COURT: The viator is paying his own
14 premium?

15 MR. MANNING: He's paying his own premiums
16 according to the information I got.

17 THE COURT: The more I hear this the less sense
18 it makes. I'm afraid to ask too many questions. We will work
19 with you on the situation regarding disability premium
20 payments.

21 There are days if we could take back a decision we'd take
22 it back and I'm reconsidering this one as well as others I've
23 made in the last several months. I can smile more about it
24 today than I could the first part of the week.

25 We're not going to continue this. There's a decision the