

DIRK KEMPTHORNE
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DIRECTOR

STATE OF IDAHO
DEPARTMENT OF FINANCE
700 W. STATE STREET, 2ND FLOOR
P. O. BOX 83720
BOISE ID 83720-0031
www.state.id.us/finance/dof.htm

November 9, 2000

Re:

Dear M

You have previously requested our views regarding whether the proposed activities of () would subject them to the jurisdiction of the Idaho Securities Act. In connection with your request, we provide the following:

As we understand it, the activity in question is limited to () desire to negotiate and consummate the purchase life insurance death benefits from insured persons who are Idaho residents. The purchase of these benefits will be completed by a "payment in full" to the seller by certified check or wire transfer.

Please be advised that the Department of Finance is currently studying whether the direct sale of "viatical" investment instruments in Idaho is a security subject to the jurisdiction of the Idaho Securities Act. For your information, we have previously taken enforcement action under the Idaho Securities Act in at least one instance where a form of viatical related instruments were offered and sold to Idaho investors.

Based solely upon the representations contained in your written correspondence and to facilitate a response to your inquiry, the Department of Finance (under the Idaho Securities Act) will take a no enforcement action position regarding () proposed business of offering to purchase life insurance death benefits from insured persons in Idaho.

Please be advised that our no enforcement action position pertains solely to the specific identified activity. As such, any offer or sale of a viatical or related investment instrument to Idaho investors may still be subject to the provisions of the Idaho Securities Act. Additionally, () should satisfy itself that its proposed business is conducted in accordance with other Idaho laws such as Idaho

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Consumer Protection statutes and Idaho insurance laws and regulations.

Should you have any questions or wish to discuss this matter further, please feel free to contact the undersigned directly at (208) 332-8080.

Sincerely,

JAMES A. BURNS
Securities Investigator

VIA FEDERAL EXPRESS

Mr. James A. Burns
Idaho Department of Finance
700 West State street, 2nd Floor
Boise, Idaho 83702

RECEIVED

AUG 03 2000

DEPARTMENT OF FINANCE

Re:

Our File:

Dear Mr. Burns:

Thank you for your letter dated July 17, 2000. Kindly recall that we are counsel to (" ") and, by letter dated June 16, 2000, we requested confirmation that our client's proposed activities would be in compliance with applicable Idaho state securities laws. You requested that we provide your office with greater detail as to the mechanics, money flows, the contractual nature of Life Settlements, and our clients proposed securitization program. The purpose of this letter is to clarify proposed purchase of Life Settlements from residents of the State of Idaho and corresponding securitization program.

is a limited liability company formed under the laws of the State of New Jersey and proposes to engage in the business of purchasing life insurance death benefits from insureds who are residents of the State of Idaho. The benefits would be purchased in a transaction (hereinafter referred to as a "Life Settlement" by . At the time the Life Settlement is purchased, would pay in full to the seller, by certified

Mr. James A. Burns
August 2, 2000
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check or wire transfer, the negotiated purchase price for the Life Settlement.

To help finance its purchase of Life Settlements, _____ intends to implement a securitization program whereby the Life Settlements will be pooled together (the "Pool"). Securities collateralized by the Pool will then be issued by _____, or a related entity, and purchased by institutional investors.

As we indicated in our June 16, 2000 correspondence, _____ is in the process of finalizing the details of its securitization program. Accordingly, we cannot provide you with a detailed description of the final structure of the program. We can, however, provide your office with a general overview of the anticipated structure of the securitization program.

At this time, _____ anticipates that its only contact with Idaho residents will be the purchase of Life Settlements from individuals who live in Idaho. As part of the securitization program, to finance its purchases, _____ will transfer the life settlement contracts through a bankruptcy remote special purpose entity to a trust (the "Trust"). _____ anticipates that notes secured by the beneficial interests in the Trust will be offered for sale to institutional investors. The Trust would offer such securities for sale through a transaction which does not require registration under the federal securities laws. At this time, it is not anticipated that any of the investors in the program would be residents of the State of Idaho. The funds received by the Trust from the sale of such securities will finance _____ purchase of Life Settlements while the contractual interests in the Life Settlements will be transferred to the Trust and the beneficial interests in the Trust assigned, as collateral security, to the note holders.

For the reasons stated above, we respectfully request that the department of Finance confirm in writing that _____ activities, as outlined above, would be in compliance with applicable Idaho state securities laws. If you have any questions or if I can be of additional assistance, please call me at the number listed above.

Very truly yours,

cc: