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August 9, 2005

Mr. Darrell R. Windham
Winstead Sechrest & Minick
401 Congress Avenue
Suite 2100
Austin, Texas 78701

RE: Endowment Development Group, L.P.

Dear Mr. Windham:

This is in response to your letter dated February 10, 2005, received by this Agency on that date. Your letter was supplemented by your letter dated and received on July 22, 2005.

Your letter was submitted on behalf of your client, Endowment Development Group, L.P. (the "Partnership"), and references your prior letter dated November 22, 2004, as well as our no-action letter dated December 22, 2004. Your letter describes clarifications in the structure of transactions described in your prior letter concerning the issuance of insurance policies and annuities pursuant to an insured endowment program ("Program") offered by the Partnership.

The clarifications address three points: (1) the loan described previously will be made *prior* to the issuance of the proposed life insurance policy; (2) there *will* be "privity" of contract between the charities, trusts, donors and the life settlement providers in that the charities and life settlement providers may enter into agreements to which the trusts would also give their consent in order to effect a charity's sale and assignment of its beneficial interest in a trust to a life settlement provider; and (3) while donors would have no expectation or right to receive any profit and would receive no financial or pecuniary benefit, in some cases a donor *may be recognized* by a charity for his or her participation in the program, perhaps in the form of a plaque or special attention in a newsletter, website or in connection with a social function.

Your supplemental letter presented a discussion of Section 11(d) of the Exchange Act of 1934. Regarding the prohibition in Section 11(d) of the extension of credit by a broker-dealer on "any security", you opined that it does not apply to the Program because the policies are not securities as defined by Section 3(a)(8) of the Securities Act of 1933. You

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noted that the Texas Securities Act, Section 4.A, also provides that the definition of "security" does not apply to

"...any insurance policy, endowment policy, annuity contract, optional annuity contract, or any contract or agreement in relation to and in consequence of any such policy or contract, issued by an insurance company subject to the supervision or control of the Texas Department of Insurance when the form of such policy or contract has been duly filed with the Department as now or hereafter required by law."

You further clarified that the loan will actually be made a moment in time just prior to the issuance of any policies, because a life insurance policy does not exist until issued, and will not be issued until the initial premium is paid. What will actually occur, you have related, is a covenant by the charity and the trust to the lender that the life insurance policy will be pledged as security for the non-recourse loan once issued.

Finally, you have stated that (1) no lender will act as a broker-dealer in these scenarios; (2) either a bank or a life settlement provider will lend money to the trustee to finance the purchase of life insurance policies, annuities, or Gap Insurance policies; (3) the trustee will then purchase such policies or annuities from licensed insurance agents; (4) neither the bank in the annuity program, nor the life settlement provider in the life-only program, will buy or sell any securities, for their own accounts or for the accounts of others; (5) the bank and/or life settlement providers will merely lend money to an independent trustee for the purchase of policies or annuities to be purchased from licensed insurance agents; and (6) the life settlement providers involved with the Partnership will not be members of any national securities exchange.

Based on the description of the plan of business and the legal analysis contained in your initial letter, as well as the clarifications made in your February 10, 2005 and July 22, 2005 letters, there appear to be no additional securities registration issues and no additional dealer registration issues associated with the insurance endowment programs or the limited partnership interests in the Partnership.

Please note that this Agency has not made an independent investigation of the facts, but has relied solely upon the information you have provided. If this information is incorrect or changes substantially, the staff would reconsider the matter and the position stated above would be void.

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I trust this letter answers your inquiry. Please feel free to write us if you need further information.

Very truly yours,

DENISE VOIGT CRAWFORD
Securities Commissioner

/dw

David Weaver
General Counsel

cc: David Durden
Governmental Relations
Texas Department of Insurance