

SO ORDERED: November 27, 2012.



Basil H. Lorch III
United States Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION**

In re:) Chapter 11
)
TWG CAPITAL, INC.,) Case No. 12-11019-BHL-11
)
Debtor.)

**ORDER GRANTING MOTION TO APPROVE COMPROMISE AND SETTLEMENT
PURSUANT TO RULE 9019**

This matter is before the Court on the *Motion For Approval Of Settlement Of Claims Pursuant To Rule 9019* (the "Settlement Motion") [Docket No. 123] filed by TWG Capital, Inc. ("TWG" or the "Debtor"), the debtor and debtor-in-possession in the above-captioned Chapter 11 case (the "Chapter 11 Case"). The Court, having considered the Settlement Motion and being otherwise duly advised, now finds that adequate notice and opportunity to object was provided and that the proposed settlement (i) is in the best interests of the bankruptcy estate; (ii) benefits the estate and the creditors thereof; and (iii) should be approved. Accordingly,

IT IS HEREBY ORDERED that,

1. The Settlement Motion is hereby GRANTED in its entirety.
2. The terms of the Term Sheet as attached to the Settlement Motion and the Settlement Agreement attached hereto are hereby approved in their entirety pursuant to 11 U.S.C. § 105 and Rule 9019(a) of the Federal Rules of Bankruptcy Procedure. In the event of any inconsistency between the Term Sheet and Settlement Agreement, the Settlement Agreement will control.
3. The Debtor is hereby authorized to transfer and convey to LION Trust the Materials as defined in the Settlement Agreement, pursuant to the terms and conditions of the Settlement Agreement.
4. The Debtor is authorized to perform all of its obligations under the Term Sheet and Settlement Agreement.

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SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made between the Lion 2004 Receivables Trust, a Delaware Statutory Trust ("Lion"), Imagine International Reinsurance Ltd., an Irish registered company ("Imagine") and TWG Capital, Inc. ("TWG"), this 20 day of November, 2012, concerning, among other things, the "Prioritized List of Data Items Requested from TWG by Lion ("Data Request"), a copy of which is attached hereto as Exhibit A and the term sheet previously negotiated by the parties.

RECITALS

WHEREAS, Imagine and Lion are parties to certain agreements with TWG, including the Monitoring and Distribution Agreements, dated December 30, 2004, pursuant to which TWG provided certain services with regard to certain insurance commissions that Lion purchased from Long Term Preferred Care, Inc. ("LTPC") in 2004 (hereafter, at times, referred to as the "LTPC ICRs").

WHEREAS, TWG is a party to that certain Assignment and Assumption Agreement with LTPC, dated December 30, 2004, pursuant to which TWG was obligated to, among other things, pay commissions to agents or brokers that were earned in connection with the LTPC ICRs (hereafter referred to as the "Downlines"). Neither Lion, nor Imagine, is a party to the Assignment and Assumption Agreement.

WHEREAS, pursuant to the Monitoring and Distribution Agreements, a fixed percentage of the monthly collections of the LTPC ICRs, referred to as the "Senior Payment," was paid to TWG, which was earmarked solely for the payment of the Downlines' commissions. TWG would separately calculate and pay the commissions to the Downlines, and TWG was separately obligated to pay the Downlines' commissions in full, whether or not the Senior Payment was sufficient to pay such commissions in full.

WHEREAS, effective with the October 2011 month of agreement, TWG ceased paying Downlines their full commissions as required by the Assignment and Assumption Agreement. Instead, TWG began paying the Downlines' commissions solely in the amount of the Senior Payments received from Lion, resulting in a shortfall of the commissions that were payable to the Downlines.

WHEREAS, in January 2012, two of the Downlines filed suit in the Northern District of Alabama as a putative class action against TWG to recover certain unpaid commissions (the "Alabama Action"). The plaintiffs have since joined Lion as a defendant, and the District Court has since dismissed TWG without prejudice.

WHEREAS, on July 2, 2012, Imagine delivered notices of default and termination to TWG, citing certain breaches under the Monitoring and Distribution Agreements, including TWG's failure to pay the Downlines their full commissions as obligated under the Assignment and Assumption Agreement.

WHEREAS, the parties entered into a letter agreement dated July 19, 2012 (hereafter referred to as the "Letter Agreement") pursuant to which TWG continued to provide certain transitional services ("Transitional Services") for an agreed upon monthly fee. A copy of the Letter Agreement is attached hereto as Exhibit B.

WHEREAS, pursuant to the Letter Agreement, TWG prepared reports to Imagine and Lion which specified the monthly commissions to be paid to the Downlines, for the months of agreement from June 2012 through September 2012, and Lion caused these specified commissions to be paid on a voluntary

basis. In addition, TWG prepared report(s) to Imagine and Lion which specified the shortfalls to be paid for the months of agreement from October 2011 through May 2012, and Lion caused these specified shortfalls to be paid on a voluntary basis, with the exception of the purported shortfall to Insurance Receivables 6 LLC ("IR6").

WHEREAS, TWG filed a chapter 11 bankruptcy case on September 14, 2012, *In re TWG Capital, Inc.*, case no. 12-11019 under Title 11, United States Code (the "Bankruptcy Code"), in the United States Bankruptcy Court, Southern District of Indiana, Indianapolis Division (the "Bankruptcy Court") (hereafter TWG also is at times referred to as the "Debtor").

WHEREAS, the Debtor obtained post-petition financing from Carmel Funding, LLC, and pursuant to the Court's order approving such financing, the Debtor granted a post-petition lien in substantially all of its assets to Carmel Funding, LLC, subject to the rights and interests of Lion and Imagine.

WHEREAS, on September 14, 2012, the Debtor filed a motion to sell substantially all of its assets to Carmel Funding, LLC (hereafter referred to as the "Sale Motion"), pursuant to which Carmel Funding, LLC would credit bid its post-petition lien and purchase the Debtor's assets in full satisfaction of its post-petition lien.

WHEREAS, on October 3, 2012, the Debtor filed a motion to reject the Monitoring Agreement, Distribution Agreement, and Assignment and Assumption Agreement (hereafter this motion is referred to as the "Rejection Motion").

WHEREAS, on November 6, 2012, the Debtor filed a Notice of Filing of Executed Amendment to Asset Purchase Agreement ("Amendment") with the Bankruptcy Court. The Amendment confirmed, among other things, that the Sale Motion was modified to exclude the Materials (as defined in paragraph 2 below) from the sale and to reflect and incorporate the terms of this Agreement as set forth below.

WHEREAS, on November 8, 2012, the Bankruptcy Court granted the Sale Motion and approved the Debtor's sale of substantially all of its assets to Carmel Funding, LLC, as modified by this Agreement.

WHEREAS, Lion has caused to be paid the Downlines' commissions as specified by TWG pursuant to the Letter Agreement, and that Lion is entering into this Agreement with the intention and for the purpose of determining and causing to be paid the Downlines' commissions incurred on or after the Closing Date, as and when due, subject to all rights, defenses and claims of Lion or Imagine.

WHEREAS, the Debtor, Imagine and Lion now wish to enter into the following settlement, subject to approval by the Bankruptcy Court.

AGREEMENT

NOW THEREFORE, and subject to the terms and conditions below, Lion and Imagine will enter into this Agreement with the Debtor for the purchase and compromise for the all-inclusive payment of \$60,000 (the "Purchase Price"), subject to approval by the Bankruptcy Court:

1. TWG shall convey and deliver to Lion and/or Imagine all items in the Data Request in their forms currently maintained by TWG to the extent that such materials actually exist and are in the possession or control of TWG, excluding only item 6 (the PTS database). For the avoidance of doubt, this includes the Paradox database, Policytracker database, and LTPC Recoveries which shall have the same meaning and consist of and conform to the item descriptions and specifications that are contained in Lion's Data

Request. Further, with respect to the Paradox database, TWG shall provide the final version as at the end of December 2009, including all the Lion-related data contained therein or processed thereby.

2. TWG shall provide all requested information, spreadsheets and transaction histories that are detailed in paragraphs 2, 4 and 5 of the Data Request, in their forms currently maintained by TWG to the extent that such materials actually exist and are in the possession or control of TWG. Subject to satisfactory accessibility from Paradox, item 5 is modified to eliminate 5.b and 5.c (as that information is already a part of Paradox) and that the formatting shall be SQL back up file, not TSV. Hereafter, the Paradox database, Policytracker database, the LTTPC Recoveries and the additionally requested items in this paragraph 2 of this Agreement shall be referred to as the "Materials." Lion shall reimburse TWG for the actual costs of IT consultants engaged to extract and deliver the Materials to Lion, subject to an estimate of \$10,000 and adequate documentation, provided that TWG or Lion shall retain Keri Gulbrandsen as the primary IT consultant. In the event that it appears the IT consultant costs will exceed the \$10,000 estimate, then Lion shall receive immediate notice and opportunity to approve the additional costs. Lion acknowledges and agrees that upon extraction and delivery of the Materials to Lion, TWG will not be responsible for any costs incurred by Lion thereafter in using the Materials or learning how to operate the Paradox database and Policytracker database.

3. On or after November 2, 2012, TWG shall give Lion and/or Imagine reasonable access, including remote access via "joinme," to permit Lion to become familiar with the Materials and information, and TWG shall reasonably cooperate and answer questions (and cause Carmel Funding, LLC to do the same after the closing of the sale of assets to Carmel Funding, LLC), relating to the Materials until the Closing Date as defined herein.

4. TWG irrevocably assigns and transfers to Lion all of its right, title and interests in the Materials, if any, which shall be the exclusive property of Lion. TWG terminates all of its rights and claims arising in or related to the Monitoring Agreement, Distribution Agreement and any other related agreements between the parties (the "Lion Agreements"). TWG releases any and all of its rights, claims or interests to the Materials, provided, however, that TWG shall retain its accounts receivable, demands, and right to claim indemnification or reimbursement from LTTPC/Progeny which have accrued up to and including the date the Bankruptcy Court enters its order granting the Rejection Motion. TWG shall obtain a release from Carmel Funding, LLC that is acceptable to Lion of all rights, claims or interests, if any, by Carmel Funding, LLC and its officers, directors, shareholders, partners agents or representatives, relating to the Materials or the Lion Agreements.

5. TWG shall either (i) hold and maintain all data in the PTS database that is used by TWG to perform its obligations under the Lion Agreements, including the data relating to (a) the LTTPC ICRs, (b) the policies related to the LTTPC ICRs, or (c) the Downlines' commissions paid or payable in connection with such policies (the "Confidential Lion Data") in strictest confidence, carefully restrict access to and utilization of the Confidential Lion Data to employees, contractors and third parties as is reasonably required for the servicing of the Lion Agreements, and not publish, copy, or otherwise disclose to others, or permit the use by others, of Confidential Lion Data or (ii) destroy, delete or otherwise purge the Confidential Lion Data from the PTS database upon completion of the Transitional Services described in paragraph 7 herein. In addition, TWG shall cause this confidentiality and non-disclosure obligation to become binding upon the successors, assigns, heirs and representatives of TWG, including, but not limited to, Carmel Funding, LLC and any third party that acquires ownership, title and/or access rights to the PTS database.

6. Neither Lion, nor Imagine, shall have any obligation to pay any additional fees or costs to TWG, to any third party IT consultants, or to any other party, including Carmel Funding, LLC, other than as provided herein.

7. TWG shall continue to provide timely Transitional Services to Lion and/or Imagine for the previously agreed fee, as defined in and in accordance with the Letter Agreement until the closing of the sale of assets to Carmel Funding, LLC, and thereafter cause Carmel Funding, LLC to perform such services in accordance with the Letter Agreement, for the October, November, and December 2012 months of account. For avoidance of doubt, the Transitional Services performed with respect to the October, November, and December 2012 months of account shall be performed in November and December 2012, and January 2013, respectively, consistent with the timeframes applicable in past practice by TWG. The December 2012 Transitional Services shall include the Persistency Population Spreadsheet as of December 31, 2012.

8. The Purchase Price shall be payable as follows: (A) 50% of the purchase price shall be paid upon execution of this Agreement and entry by the Bankruptcy Court of a final, non-appealable order approving this Agreement in all material respects, and (B) the remaining 50% shall be paid after satisfaction of the conditions in subparagraph 8(A) and Lion has received delivery of all the Materials in a form satisfactory to Lion with reasonable opportunity for Lion to confirm that the Materials are complete and in satisfactory form (the "Closing Date").

9. Other than with respect to the obligations set forth in this Agreement, TWG, on the one hand, and Lion, The Bank of New York Mellon solely in its capacity as trustee for Lion ("Trustee") and Imagine, on the other hand, hereby mutually resolve, compromise and release each other of all claims, causes of action, liabilities, rights or interests -- known and unknown, accrued or not accrued, foreseen or unforeseen, matured or not matured, whether at law or in equity -- arising under or related to the Lion Agreements or the Materials, including, but not limited to, any and all rights or claims of indemnity. TWG, Lion, Trustee, and Imagine further acknowledge and agree that this release shall extend to all of their respective officers, directors, employees, shareholders, agents and attorneys, and TWG further releases and covenants not to file any avoidance claims under the Bankruptcy Code against Lion, Imagine or the Downlines (including IR6 and/or IR7) that were paid pursuant to the Lion Agreements. Notwithstanding the foregoing, this release shall not impair or release the claims by TWG against LTPC/Progeny for accounts receivable, demands, and right to claim indemnification or reimbursement which has accrued up to and including the date the Bankruptcy Court enters its order granting the Rejection Motion. For further avoidance of doubt, nothing in this release or this Agreement shall impair or release any claims, rights or defenses that Lion, Trustee or Imagine may have against any third parties, including LTPC, the Downlines (including IR6 and/or IR7), and the plaintiffs in the Alabama Action.

TWG, Lion, Trustee, and Imagine represent and agree that they have read and understand the statutory language of Section 1542 of the Civil Code of the State of California and on that basis expressly and specifically waive all rights under said statute, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

10. As of the Closing Date, Lion warrants that Lion has or will have paid in full the commissions to Downlines (including IR6 and/or IR7) as previously specified by TWG to Lion during the course of TWG's performance of the Assignment and Assumption Agreement and the Transitional Services pursuant to the Letter Agreement. For the avoidance of doubt, the specified payments consist of the shortfalls for the months of agreement from October 2011 through May 2012 that TWG previously reported to Lion as to be paid and monthly payments for the months of agreement from June 2012 through September 2012 that TWG previously reported to Lion as to be paid.

11. TWG shall continue to employ (as an employee or otherwise) Jennifer Harden up to and through the earlier of (i) the closing of its sale of assets to Carmel Funding, LLC, or (ii) December 31, 2012. Lion shall reimburse TWG for any licensing or CPE fees paid by TWG or incurred by Jennifer Harden that are incurred in the performance of the Transitional Service after November 1, 2012 until her employment is terminated by TWG, subject to a cap of \$5,000 and adequate documentation. After Bankruptcy Court approval of this Agreement, and the anticipated termination of Ms. Harden's employment by TWG as provided for in this paragraph 11, Lion shall be free to retain Ms. Harden in any capacity and on any terms that Lion negotiates with Ms. Harden, provided that upon execution of this Agreement, Lion or Imagine shall be free to discuss and negotiate such terms of employment with Ms. Harden.

12. TWG shall file and diligently prosecute a motion for approval of this Agreement, and TWG shall diligently prosecute the Rejection Motion.

13. Subject to the availability of IT consultants, TWG shall deliver as promptly as possible the Materials to Lion on a rolling delivery basis after entry by the Bankruptcy Court of a final, non-appealable order approving this Agreement, and obtain the cooperation of Carmel Funding, LLC to the extent necessary to comply with its obligations under this Agreement. TWG shall prioritize the delivery of Materials to deliver the Policytracker database in time for it to be in full working order to enable Ms. Harden to have normal access to it upon her retention by Lion which is anticipated to occur on or after December 1, 2012.

14. Notwithstanding anything else contained herein, the effectiveness of this Agreement is also conditioned upon (a) the execution of a mutual release between TWG, Lion, Imagine, and Carmel Funding, LLC of all claims, rights or interests arising under or related to the Lion Agreements or to the Materials that is acceptable to Lion, (b) execution of a confidentiality agreement by Carmel Funding, LLC consistent with paragraph 5 of this Agreement that is acceptable to Lion, and (c) assumption by Carmel Funding LLC of the obligations under the Letter Agreements, as modified by paragraph 7 of this Agreement.

15. This Agreement may be executed in counterparts, and the execution of this Agreement may be effected by facsimile or other electronic transmission of executed copies of the signature pages delivered to counsel for the parties.

16. The parties shall execute such other documents as may be reasonably required to fully effectuate this Agreement.

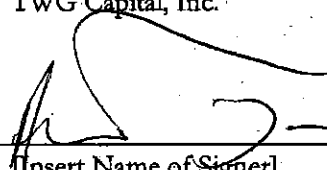
[Remainder of Page Intentionally Left Blank]

17. The Recitals at the beginning of this Agreement shall be incorporated into this Agreement as though set forth in full.

DATED: November ____, 2012

By: _____
[Insert Name of Signer]
[Insert Title of Signer]
TWG Capital, Inc.

DATED: November 20, 2012

By:  _____ **Alan Terezian**
[Insert Name of Signer] **Vice President**
The Bank of New York Mellon, in its capacity as
Trustee for the Lion 2004 Receivables Trust
The Lion 2004 Receivables Trust
a Delaware Statutory Trust

DATED: November ____, 2012

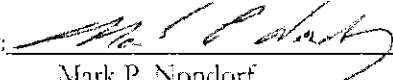
By: _____
[Insert Name of Signer]
[Insert Title of Signer]
Imagine International Reinsurance Ltd.
an Irish registered company, and

DATED: November ____, 2012

By: _____
[Insert Name of Signer]
[Insert Title of Signer]
Imagine International Reinsurance Ltd.
an Irish registered company, and

17. The Recitals at the beginning of this Agreement shall be incorporated into this Agreement as though set forth in full.

DATED: November 20, 2012

By: 
Mark P. Nondorf
President, TWG Capital, Inc.

DATED: November __, 2012

By: _____
[Insert Name of Signer]
The Bank of New York Mellon, in its capacity as
Trustee for the Lion 2004 Receivables Trust
The Lion 2004 Receivables Trust
a Delaware Statutory Trust

DATED: November __, 2012

By: _____
[Insert Name of Signer]
[Insert Title of Signer]
Imagine International Reinsurance Ltd.
an Irish registered company, and

DATED: November __, 2012

By: _____
[Insert Name of Signer]
[Insert Title of Signer]
Imagine International Reinsurance Ltd.
an Irish registered company, and

17. The Recitals at the beginning of this Agreement shall be incorporated into this Agreement as though set forth in full.

DATED: November __, 2012

By: _____
[Insert Name of Signer]
[Insert Title of Signer]
TWG Capital, Inc.

DATED: November __, 2012

By: _____
[Insert Name of Signer]
The Bank of New York Mellon, in its capacity as
Trustee for the Lion 2004 Receivables Trust
The Lion 2004 Receivables Trust
a Delaware Statutory Trust

DATED: November 20, 2012

By: *Ed Curran*
[Insert Name of Signer] EDEL CURRAN
[Insert Title of Signer] COMPANY SECRETARY
Imagine International Reinsurance Ltd.
an Irish registered company, and

DATED: November __, 2012

By: _____
[Insert Name of Signer]
[Insert Title of Signer]
Imagine International Reinsurance Ltd.
an Irish registered company, and

17. The Recitals at the beginning of this Agreement shall be incorporated into this Agreement as though set forth in full.

DATED: November ____, 2012

By: _____
[Insert Name of Signer]
[Insert Title of Signer]
TWG Capital, Inc.

DATED: November ____, 2012

By: _____
[Insert Name of Signer]
The Bank of New York Mellon, in its capacity as
Trustee for the Lion 2004 Receivables Trust
The Lion 2004 Receivables Trust
a Delaware Statutory Trust

DATED: November ____, 2012

By: _____
[Insert Name of Signer]
[Insert Title of Signer]
Imagine International Reinsurance Ltd.
an Irish registered company, and

DATED: November ^{20th} 2012

By: G. McConnie
[Insert Name of Signer] GREGORY MCCONNIE
[Insert Title of Signer] DIRECTOR
Imagine International Reinsurance Ltd.
an Irish registered company, and

Exhibit A

PRIORITIZED LIST OF DATA ITEMS REQUESTED FROM TWG BY LION TRUST
September 27, 2012

TOP PRIORITY

1. "Policy Tracker Database" as used by Jennifer Harden in her conservation role. (This is a new request arising out of discussions between Imagine CEO Jimmy Doyle and Ms. Harden.):

The original, or a complete electronic copy in original format, of the Policy Tracker Database, including all data contained therein relevant to the Lion Trust, the transactions related to the Lion Trust, together with complete programming code and scripts for all user-created algorithms, routines & functions, all calculation logic and all programming embedded within the database (hereinafter collectively "Code/Script"), all licenses, documentation, operating instructions, data and any other software, documentation, data files, serial keys required to be able to use, examine and modify the database with full Administrator permissions,

2. Item 5 from July 10 letter (for each Month of Agreement from April 2011 through September 2011):

Monthly Spreadsheets supporting the downline agent commission statements for each Month of Agreement from April 2011 through September 2011. These Spreadsheets should be similar to the Spreadsheet TWG provided to Imagine under the Transition Services Agreement for the months of Agreement June 2012 through August 2012.

3. *Paradox Database: Item 1 from July 10 letter, consisting of:

The original, or a complete electronic copy in original format, of the Paradox database, including all data contained therein relevant to the Lion Trust, the transactions related to the Lion trust, and to any downline agents' commissions, together with complete programming code and scripts for all user-created algorithms, routines & functions, all calculation logic and all programming embedded within the database (hereinafter collectively "Code/Script"), all licenses, documentation, operating instructions, data and any other software, documentation, data files, serial keys required to be able to use, examine and modify the database with full Administrator permissions, received by TWG from Long Term Preferred Care ("LTPC") as part of the Assignment and Assumption Agreement or otherwise.

4. Items 1 and 2 from July 13 letter, consisting of:

- "Contact details (including name, address, email, phone) of persons at C.N.A., Allianz and GE ("the Underlying Insurers") providing information to TWG on regular basis in connection with the Lion Trust.
- Details (including address, login names and passwords) of all FTP websites used by the Underlying Insurers in providing information to TWG as Lion Trust Monitor."

*If copying of the Databases would be burdensome for TWG, Lion Trust will arrange, at its own expense, for an IT consultant to do the downloading/copying. "Databases" as used herein means, collectively, the Policy Tracker Database, the Paradox Database and the PTS Database,

5. Item 9 from July 10 letter (transaction data since inception), consisting of:

Full transaction history from inception of Lion transaction: *(Previously requested in Imagine emails to Melanie Otto dated 14 June 2012 and 20 June 2012)* In order to quantify the Allianz and C.N.A. shortfalls accurately a full transaction history in TSV (Tab Separated Values) electronic format giving the fields set out in [paragraph d] below, and headers for each data column, and an explanatory header file, is required. From discussions with TWG during the Audit, Imagine understands that:

- a. all transactions from 01/01/2009 are in PTS and are readily available;
- b. all transactions from 2006 to 2008 are stored separately but are easily accessible;
- c. all 2005 transactions are available and TWG (Ellen Sia) has been requested to add these to the 2006 to 2008 database.

d. TSV fields:

| |
|--------------|
| stmt_dt |
| policy_num |
| last_nm_txt |
| first_nm_txt |
| issue_dt |
| paidto_dt |
| orig_rate |
| Split |
| Vesting |
| Rate |
| Prem |
| Comm. |
| mode_cd |
| block_id |
| wa_number |
| wa_fname |
| wa_lname |
| state_txt |
| plan_txt |
| type_txt |
| Product_txt |

6. ***PTS database:** The original, or a complete electronic copy in original format, of the SQL database (referred to by TWG as the "PTS database"), including all data contained therein relevant to the Lion Trust, the transactions related to the Lion Trust, and to any downline agents' commissions, together with Code/Script, all licenses, documentation, operating instructions, data and any other software, documentation, data files, serial keys required to be able to use, examine and modify the PTS database with full Administrator permissions. Imagine require all data, information and Code/Script needed to compute and make

payments of the downline agent commissions due to all downline agents on a monthly basis.

7. LTPC recoveries: Item 3 from July 10 letter, consisting of:

Complete information on downline agent commission shortfall amounts regularly demanded by TWG from LTPC or its successors, including:

- a. Original Spreadsheet or electronic copies thereof provided by LTPC to TWG which led to the identification of the inconsistent downline agent commission amounts compared to the Paradox database.

As used in this document, the term "Spreadsheet" means a spreadsheet in original electronic Excel format, with all formulas, user-created VBA code and macros intact (for the avoidance of doubt, this mean not with hard-coded values pasted in place of formulas when the original contained formulas). Singular includes the plural "Spreadsheets" and vice-versa.

- b. Copies of all demand letters issued by TWG to LTPC or its successors in connection with such shortfalls.
- c. Monthly Spreadsheets and all files and documentation in original electronic format (or scanned hard copies if electronic format does not exist) created in the course of the calculation of the monthly downline commission shortfall, produced by TWG supporting such shortfalls and attached to TWG's monthly demand letters.

Exhibit B

I M A G I N E
g r o u p

Via Email

July 19, 2012

Ms. Melanie Otto
President
TWG Capital, Inc.
7434 Shadeland Way
Indianapolis, IN 40250

Re: Transitional Services

Dear Ms. Otto:

This letter will confirm and clarify certain matters discussed on our call yesterday.

In light of our Notice of Default dated July 2, 2012, including in particular TWG's defaults for failure to pay downline agents in full, and our Notice of Termination dated July 2, 2012, we discussed with you various practical transitional points.

We are willing to compensate TWG for providing certain transitional services on a temporary and interim basis in an amount equal to the former 5% monitor fee (the "Transitional Services Fee") upon the terms listed below:

1. TWG shall prepare and provide to Imagine by Tuesday, July 24, 2012 a revised Monthly Report for the June 2012 Month of Agreement in the attached format.
2. TWG shall prepare and provide to Imagine by Tuesday, July 24, 2012, the downline agents' commission statements which TWG would usually produce for downline commission payments in July 2012 in paper form and in Excel spreadsheet form. These statements and Excel spreadsheets should set forth the full 100% of commissions due to the downline agents. TWG shall provide a full listing by Tuesday, July 24, 2012 in Excel spreadsheet format containing all of the information necessary for all such downline agents' commissions payments (including names, addresses, agent numbers, payee names, commission amounts) and compatible with use in Quickbooks via Transaction Pro.
3. Imagine will handle all cheque processing and distribution for the downline commission payments from the Senior Payment. The Senior Payment and any necessary top-up amounts will be distributed by the Trust to a separate account we have established at the Bank of New York/Mellon named the IIRL Downline account, to be held by Imagine for the specific purpose of (and in trust for) payment to the downline agents. (In our call, you mentioned that there would be some work setting up a separate systems to cut downline agent cheques for the new non-TWG bank account, so in the interest of time and minimizing effort, Imagine will handle this function.)

I M A G I N E
g r o u p

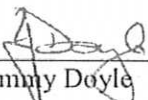
We will pay the Transitional Services Fee (defined above) to TWG within two business days after receipt of all the information as set out in points 1 through 3 above.

Prior months' shortfalls: In addition to the above Transitional Services (and Transitional Services Fee), we are willing to pay TWG a fee of \$5,000 payable within two business days after receipt of commission statements (in paper form and Excel spreadsheet form) showing, for each downline agent, the monthly shortfall and cumulative shortfall up to and including May 2012. This information shall be provided by Friday July 27, 2012 and include full listing in Excel spreadsheet format containing all of the information necessary for all such downline agents due shortfall (including names, addresses, agent numbers, payee names, commission amounts) and compatible with use in Quickbooks via Transaction Pro. Imagine will handle the cheque processing and distribution for all these shortfalls.

Please sign and date below to indicate your agreement and consent to proceed on this basis.

Nothing contained herein should be construed as an assumption of TWG's obligations under any agreements, and the Trust/Imagine reserve all rights and remedies in connection with TWG's non-performance and breaches of any agreements.

Imagine International Reinsurance Limited

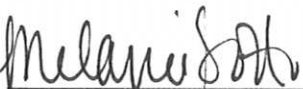
By: 
Jimmy Doyle

Lion 2004 Receivables Trust

By: _____
Steve Schwartz,
As Counsel to the Lion 2004 Receivables Trust

ACKNOWLEDGED AND AGREED:

TWG Capital, Inc.

By: 
Melanie Otto, President

Date: 7/24/12

Monthly Report

Reference is made to the Monitoring Agreement (the "Monitoring Agreement") dated as of December 30 2004 among TWG Capital, Inc., a Delaware corporation ("TWG"), Lion 2004 Receivables Trust, a Delaware statutory trust, and Imagine International Reinsurance Limited ("Imagine"), an Irish registered company. Capitalized terms are used herein as defined in the Monitoring Agreement.

Pursuant to Section 2(a) of the Distribution Agreement and the letter agreement dated July 19, 2012 between TWG, Lion 2004 Receivable Trust and Imagine, TWG hereby delivers this Monthly Report with respect to the Month of Agreement referred to below, to each of the other parties to the Distribution Agreement.

Notes, if any, to the information presented herein are attached.

General

Date of this Monthly Report July , 2012

Month of Agreement: June 2012

Profit Sharing Rate: 100%

Commissions CNA

Commissions GE

Commissions Allianz

Other Amounts

- (i) the net amount of earnings from investments in the Collection Account
- (ii) the amount received by the Trust pursuant to Article VI of the Commission Purchase Agreement
- (iii) any other amount received by the Trust

Total Other Amounts

Total Cash Receipts

Variable Origination Fee

Senior Payment

Administration Fees

Net Commissions

Total Payments

Payments to Imagine

Imagine Profit Sharing Payment

Payments to Penn Treaty

Penn Treaty Profit Sharing Payment

Payments to IIRL Downline Account

Senior Payment

Payments to TWG

Variable Origination Fee

TWG Profit Sharing Payment

Payments to Trustee

Administration Fees

Total Payments \$

Monthly Report

IN WITNESS WHEREOF, TWG has caused this Monthly Report to be executed and delivered as of the date specified above.

TWG CAPITAL, INC.

By: _____
Name: