FORM SB-2/A

Optional form for registration of securities to be sold to the public by small business issuers [amend]

Filing Date: **1998-01-29**
SEC Accession No. 0000930661-98-000169

FILER

RUSHMORE FINANCIAL GROUP INC

CIK:**884892**| IRS No.: **752375969** | State of Incorp.:**TX** | Fiscal Year End: **1231**
Type: **SB-2/A** | Act: **33** | File No.: **333-42225** | Film No.: **98517019**
SIC: **6411** INSURANCE AGENTS, BROKERS & SERVICE

Mailing Address
13355 NOEL RD
STE 650
DALLAS TX 75240

Business Address
13355 NOEL RD
STE 650
DALLAS TX 75240
9724506000

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JANUARY 29, 1998

REGISTRATION NO. 333-42225

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. TWO TO
FORM SB-2
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

RUSHMORE FINANCIAL GROUP, INC.
(NAME OF SMALL BUSINESS ISSUER IN ITS CHARTER)

TEXAS	6411	75-2375969
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

13355 NOEL ROAD, SUITE 650 DALLAS, TEXAS 75240 (972) 450-6000 (ADDRESS AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICER)	D. M. MOORE, JR., CHIEF EXECUTIVE OFFICER RUSHMORE FINANCIAL GROUP, INC. 13355 NOEL ROAD, SUITE 650 DALLAS, TEXAS 75240 (972) 450-6000 (NAME, ADDRESS AND TELEPHONE NUMBER, OF AGENT FOR SERVICE)

COPIES TO:

RONALD L. BROWN, ESQ. GLAST, PHILLIPS & MURRAY, P.C. 13355 NOEL ROAD, SUITE 2200 DALLAS, TEXAS 75240 TELEPHONE: (972) 419-8302 FACSIMILE: (972) 419-8329	PETER A. LODWICK, ESQ. THOMPSON & KNIGHT, P.C. 1700 PACIFIC AVENUE, SUITE 3300 DALLAS, TEXAS 75201 TELEPHONE: (214) 969-1700 FACSIMILE: (214) 969-1751

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ..... [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ..... [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ..... [_]

If delivery of the Prospectus is expected to be made pursuant to Rule 434, please check the following box. ..... [_]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

++
+   +
+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A   +
+REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE   +
+SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +
+OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT   +
+BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR   +
+THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE   +
+SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE   +
+UNLAWFUL PRIOR TO THE REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS +
+OF ANY SUCH STATE.   +
++

PROSPECTUS SUBJECT TO COMPLETION, DATED JANUARY 29, 1998

, 1998

UP TO 1,250,000 SHARES

RUSHMORE FINANCIAL GROUP, INC.

[LOGO]

COMMON STOCK

Rushmore Financial Group, Inc., a Texas corporation ("Rushmore" or the "Company"), is offering for sale a minimum of 750,000 shares and a maximum of 1,250,000 shares of its common stock, par value $0.01 per share (the "Common Stock"). The offering made hereby is referred to as the "Offering."

Prior to this Offering, there has been no public market for the Common Stock. It is currently anticipated that the initial Price to Public will be $5.50 per share. For a discussion of the factors to be considered in determining the Price to Public for the Common Stock, see "Underwriting." Following the Offering, it is expected that the Common Stock will trade in the over-the-counter market and will be quoted on the Nasdaq SmallCap Market under the symbol "RFGI". See "Underwriting."

SEE "RISK FACTORS" BEGINNING ON PAGE 6, FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>
<CAPTION>

	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS(1)	PROCEEDS TO COMPANY(2)
<S>	<C>	<C>	<C>
Per Share	$	$	$
Minimum Total	$	$	$
Maximum Total	$	$	$

</TABLE>

(1) The Company has agreed to issue to First Southwest Company as the Representative of the Underwriters warrants exercisable for five years after the first anniversary of the date hereof, to purchase 50,000 shares of Common Stock at 110% of the Price to Public per share. For information concerning indemnification arrangements with the Underwriters and other compensation payable to the Representative, see "Underwriting."
(2) Before deducting expenses of the Offering payable by the Company estimated at $300,000.

The shares of Common Stock are offered by the several Underwriters named herein on a best efforts basis. In the event the Underwriters have not sold a minimum of 750,000 shares within 45 days after the date of this Prospectus, unless extended by agreement between the Underwriters and the Company for an additional 15 days, this Offering will terminate and all subscription funds will promptly be returned in full to subscribers, with interest.

The shares of Common Stock are offered by the several Underwriters, subject

to prior sale, when, as and if issued to and accepted by them, and subject to the approval of certain legal matters by counsel for the Underwriters and certain other conditions. The Underwriters reserve the right to reject any order in whole or in part. It is expected that delivery of the shares of Common Stock will be made at the offices of First Southwest Company, Dallas, Texas, on or about , 1998.

FIRST SOUTHWEST COMPANY RUSHMORE SECURITIES CORPORATION

[Logo of Rushmore Financial Group appears here]

Rushmore is a financial services holding company that provides a wide range of investment and insurance services and products to its clients through a national distribution network of more than 115 securities representatives in 27 states and 1,300 insurance agents in 39 states.

[Map of United States showing headquarters, branch offices and states represented.]

Rushmore Financial Group is expanding across the United States through its network of Securities Representatives and insurance agents.

Rushmore Securities Licensed States

Independent Insurance Agents

[Photo]

[Logo of Rushmore Financial Group appears here]

Kimberly Greely - Marketing Assistant
G.A. Brunott, Jr. - President of Rushmore Agency

The Company's investment services business consists of securities brokerage services, mutual fund distribution, variable life insurance and annuities sales and other financial services offered by Rushmore Securities Corporation, which has 115 registered representatives in 27 states. In addition, Rushmore Investment Advisores, Inc. provides fee-based advisory services, using a proprietary asset allocation program known as RushMap.

[Photo]

Deanna Moncus - Director of Compliance and Licensing
Clifton Sneed - Independent Insurance Agent

[Organizational chart appears here]

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE COMMON STOCK INCLUDING ENTERING STABILIZING BIDS. SUCH TRANSACTIONS MAY BE EFFECTED IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. FOR A DESCRIPTION OF THESE ACTIVITIES SEE "UNDERWRITING."

[Photo]

D.M. (Rusty) Moore, Jr. - President and CEO of Rushmore, Jim W. Clark - President of Rushmore Securities, F.E. (Fritz) Mowery - President of Rushmore Advisors, Thomas G. Coleman, Jr. - Vice President of Rushmore Securities

The Company's insurance services business selects and markets a wide range of life, disability, accident and health insurance and annuity products distributed through 22 exclusive and more than 1,300 independent agents of its affiliated agency, Rushmore Insurance Services, Inc. In addition, Rushmore Life Insurance Company acquires and coinsures up to a 50% interest in the policies written through representatives of Rushmore Agency that are issued by full-line life insurance companies that have entered into modified coinsurance agreements with Rushmore LIfe.

[Photo]

Benjamin H. Dean - Director of RushMAP, Randi Floyd - Administrative Assistant
Bob Waggoner - Director of Funds Management

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements, including the notes thereto, appearing elsewhere in this Prospectus. Unless otherwise indicated all share and per share data have been adjusted to give effect to a one for two reverse stock split in November 1997. All references to the "Company" or "Rushmore" refer to Rushmore Financial Group, Inc. and its subsidiaries. See the "Glossary of Insurance Terms" on page G-1 for a definition of certain insurance related terms used herein.

THE COMPANY

Rushmore is a financial services holding company formed as a Texas corporation in September 1990 that provides a wide range of investment and insurance services and products to its clients through a national distribution network of 115 securities representatives operating in 27 states and 1,300 insurance agents in 39 states. The Company believes that it is well positioned to take advantage of demographic trends in the aging of America and the increasing overlap of investment services with other financial security products. The Company's activities in these two complementary sectors of the financial services industry, investment services and insurance services, allow Rushmore to provide a full range of financial services to its clients and enhance the cross-selling opportunities of its select product lines.

The Company's investment services business consists of securities brokerage services, mutual fund distribution, variable life insurance and annuities sales and other financial services offered by Rushmore Securities Corporation, a Texas corporation formed in July 1980 ("Rushmore Securities"), which has 115 registered representatives in 27 states. In addition, Rushmore Investment Advisors, Inc., a Texas corporation formed in January 1996 ("Rushmore Advisors") provides fee-based advisory services, using a proprietary asset allocation program known as RushMap.

The Company's insurance services business selects and markets a wide range of life, disability, accident and health insurance and annuity products distributed through 22 exclusive and more than 1,300 independent agents of its affiliated agency, Rushmore Insurance Services, Inc., a Texas corporation formed in May 1991 ("Rushmore Agency"). Rushmore Agency is owned by D. M. Moore, Jr., the Company's President and Chief Executive Officer, due to regulatory requirements that prohibit a corporation from owning a life insurance agency in Texas. Although the financial statements of Rushmore Agency are not consolidated with those of the Company, all revenues and expenses are passed through to the Company under an Overhead Services Agreement. See "The Company" and Note 2 to the Financial Statements of the Company. In addition, Rushmore Life Insurance Company, an Arizona life insurance company formed in January 1989 ("Rushmore Life"), acquires and coinsures up to a 50% interest in the policies written through representatives of Rushmore Agency that are issued by full-line life insurance companies that have entered into modified coinsurance agreements with Rushmore Life. One additional subsidiary, Rushmore Financial Corporation, was formed in November 1993 to act as a mortgage company, and was discontinued in March 1997. See "The Company" and "Management's Discussion and Analysis of Financial Condition and Results of Operations--Discontinued Operations."

As of September 30, 1997, the Company's total assets were $35,681,066 and shareholders' equity was $1,404,712.

GROWTH STRATEGY

The Company's growth strategy focuses on expanding its national distribution network and continually identifying and evaluating new products and acquisition opportunities that are consistent with the Company's objective to provide a full range of financial products and services. Over the past ten years, the amount invested by the public in retirement and other financial security products and services has grown over 185%. According to the Federal Reserve Board of Governors, in 1986 the total amount invested in retirement and other financial security products by households and non-profit organizations was approximately $7.16 trillion, as compared to

over $20.45 trillion at year end 1996, a 12.4% compounded annual growth rate. The Company's objective is to capture an increasing share of the commission revenues and assets related to the investment and insurance services industry.

The key components of Rushmore's growth strategy include:

- expanding its distribution network by recruiting and retaining high quality and productive agents and representatives, including both exclusive "Career Partners" insurance agents and registered securities representatives and independent insurance agents;

- providing its sales force with a wide range of financial products and services, including exclusive insurance and investment products;

- offering incentives to its agents and employees including favorable commission structures, stock option plans and award programs to attract and retain a loyal base of highly motivated personnel;

- upgrading its management information system to allow its agents and representatives to maintain an efficient and orderly flow of sales orders; and

- acquiring other insurance, securities and investment advisory firms and complementary financial services companies.

The Company's primary goal through these components is to enhance shareholder value by building a base of fully integrated financial service professionals and a loyal, well served clientele. See "Business."

The Company's principal executive offices are located at 650 One Galleria Tower, 13355 Noel Road, Dallas, Texas 75240, and its telephone number is (972) 450-6000. The Company's website is http://www.rushmark.com.

THE OFFERING

Common Stock offered by the Company	
Minimum	750,000 shares
Maximum	1,250,000 shares
Common Stock to be outstanding after the Offering(1)(2)	
Minimum	2,856,664 shares
Maximum	3,356,664 shares
Estimated net proceeds(3)	
Minimum	$3,495,000
Maximum	$6,025,000
Use of proceeds	Invest $300,000 in Rushmore Life's surplus capital, allocate $1,500,000 to $2,000,000 to Rushmore Agency to support the addition of new agents, allocate $500,000 to $1,000,000 to Rushmore Securities to support the addition of new representatives, allocate $500,000 to Rushmore Advisors to add new marketing and advisory personnel, and use the balance to provide additional operating capital and fund possible acquisitions. See "Use of Proceeds".
Proposed Nasdaq SmallCap Market Symbol	RFGI

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(1) Excludes 178,573 shares of Common Stock subject to stock options with an exercise price averaging $1.34 per share and warrants to the Representative to acquire 50,000 shares of Common Stock. Does not include any Preferred Stock outstanding. See "Capitalization," "Management--1997 Stock Option Plan," and "--1993 Option Plan" and "Underwriting."

(2) Includes 101,176 shares issued after September 30, 1997.

(3) After subtracting underwriting discounts and commissions and estimated offering expenses payable by the Company.

SUMMARY HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL AND OPERATING INFORMATION OF THE COMPANY

The following table sets forth certain summary consolidated historical and pro forma financial and operating information of the Company. See "Selected and Pro Forma Consolidated Financial Information," "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The following information should be read in conjunction with the

financial statements and the notes thereto presented elsewhere in this Prospectus.

	YEAR ENDED DECEMBER 31,				NINE MONTHS ENDED SEPTEMBER 30,		
	1994	1995	1996	PRO FORMA 1996	1996	1997	PRO FORMA 1997
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)						
STATEMENT OF OPERATIONS DATA:							
Revenues from investment services	$ 828	$ 857	$ 1,523	$ 1,523	$ 999	$ 1,724	$ 1,693
Revenues from insurance services	191	152	347	6,346	286	3,216	4,800
Total revenues	1,031	1,020	1,885	7,884	1,297	4,981	6,535
Investment services expense	749	787	1,325	1,325	865	1,485	1,485
Insurance services expense	(44)	33	13	6,194	32	2,867	4,430
General and administrative expenses	346	431	663	663	512	630	630
Total expenses	1,051	1,251	2,001	8,182	1,409	4,982	6,544
Loss from continuing operations	(20)	(234)	(120)	(302)	(116)	(5)	(14)
Net loss	(31)	(210)	(171)	(158)	(149)	(31)	(14)
Net income (loss) applicable to common shareholders	(36)	(216)	(181)	(168)	(155)	(44)	(26)
Net income (loss) per share of common stock after dividends on preferred stock	(.09)	(.18)	(.13)	(.09)	(.11)	(.03)	(.01)
OTHER DATA:							
Insurance agents	839	1,127	1,271	1,271	1,249	1,341	1,341
States represented	32	36	38	38	38	39	39
Securities representatives	97	112	105	105	105	125	125
States represented	10	13	23	23	23	24	24
Insurance in force	--	--	--	$1,018,723	--	$978,480	$978,480
Insuance in force retained net of reinsurance agreements	--	--	--	435,442	--	420,132	420,132
Premium income	--	--	--	5,237	--	2,845	3,949
Funds under management							
Discretionary	--	--	4,600	4,600	2,900	13,400	13,400
Non-discretionary	18,900	45,200	67,700	67,700	59,000	89,400	89,400

	DECEMBER 31, 1996		SEPTEMBER 30, 1997		
	ACTUAL	PRO FORMA	ACTUAL	AS ADJUSTED, MINIMUM	AS ADJUSTED, MAXIMUM
	(DOLLARS IN THOUSANDS)				
BALANCE SHEET DATA:					
Cash and equivalents	$ 118	$ 1,368	$ 1,426	$ 4,921	$ 7,451
Amounts on deposit with Insurers	--	28,095	28,894	28,894	28,894
Total assets	543	35,744	35,681	39,176	41,706
Policy reserves	--	33,436	33,258	33,258	33,258
Total indebtedness	39	39	48	48	48
Shareholders' equity	351	1,409	1,405	4,900	7,430

FORWARD-LOOKING INFORMATION

This Prospectus contains certain forward-looking statements and information relating to the Company that are based on the beliefs of the Company's management as well as assumptions made by and information currently available to the Company's management. When used in this Prospectus, words such as

"anticipate," "believe," "estimate," "expect," "intend," "should" and similar expressions, as they relate to the Company or its management, identify forward-looking statements. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions relating to the operations, results of operations, liquidity and growth strategy of the Company, including competitive factors and pricing pressures, changes in legal and regulatory requirements, interest rate fluctuations, and general economic conditions, as well as other factors described in this Prospectus. Should one or more of the risks materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described herein as anticipated, believed, estimated, expected or intended.

RISK FACTORS

In addition to the other information contained in this Prospectus, the following risk factors should be carefully considered in evaluating the Company and its business before purchasing shares of Common Stock offered hereby. Each of the following factors may have a material adverse effect on the Company's operations, financial results, financial condition, liquidity, market valuation or market liquidity in future periods.

Historical Loss From Operations

The Company began operations in 1991 and has experienced losses from operations in five of the last six years. For the year ended December 31, 1996, the Company incurred a net loss of $180,778, and as of such date, the Company's accumulated deficit in retained earnings was $531,246. For the nine months ended September 30, 1997, the Company incurred a net loss applicable to common shareholders of $43,545, and the Company anticipates that it will incur a net loss in the fourth quarter of 1997. The Company will continue to incur substantial costs related to its continued growth, and there can be no assurance that the Company will achieve targeted levels of growth or profitability in the future. See "Management's Discussion and Analysis of Financial Condition and Results of Operation."

Regulatory Exposure

The Company operates in two of the most highly regulated industries in the United States, the insurance and securities businesses. Detailed restrictions and guidelines promulgated and enforced by regulatory agencies govern virtually every aspect of the Company's operations, as well as the operations of Rushmore Securities and Rushmore Advisors. Violations of these rules and regulations can result in fines, suspension or revocation of licenses and other disciplinary action and could have a material adverse effect on the success and profitability of the Company. The regulatory agencies involved include the Securities and Exchange Commission ("SEC"), the National Association of Securities Dealers, Inc. ("NASD"), the Texas State Securities Board and other state securities and insurance regulators. For example, the SEC and NASD require Rushmore Securities, a broker/dealer, to supervise its sales representatives' conduct and to maintain a minimum liquid net worth at all times and to impose, among others, "sales practices" rules which regulate sales representatives' conduct, investor suitability rules, escrow funds handling, and stringent record retention requirements.

Rushmore Life is subject to laws and regulations of the Arizona Department of Insurance applicable to life insurance companies, including laws and regulations requiring approval of changes in the control of Rushmore Life, approval of transactions between Rushmore Life and its affiliates and limitations on the payment of dividends.

Rushmore Agency is subject to the laws and regulations of the Texas Department of Insurance and other states in which it conducts business, including laws and regulations regarding agent background qualifications, licensing, sales practices and relations with insurance companies it represents.

The Company's emphasis on growth coupled with the challenges of managing its business could result in increased exposure to regulatory violations. Although the Company has formal controls in effect to prevent violation of applicable rules and regulations, there can be no assurance that these controls will be sufficient to manage a larger and more complex business in the future. The Company believes that, as of the date of this Prospectus, it is in material compliance with all laws, rules and regulations. See "Business--Regulation."

Rushmore Agency Option Agreement

Texas insurance law does not permit a life insurance agency to be owned by a corporation. As a result, Rushmore Agency is owned 100% by D. M. Moore, Jr., and its financial statements are not consolidated with those of the Company. Pursuant to an Administrative Services Agreement, all revenues and expenses of Rushmore Agency are passed through to the Company as permitted by regulation. In addition, Mr. Moore has granted the Company an irrevocable option for the Company to appoint any other qualified person to acquire the capital stock of Rushmore Agency on its behalf. The Company believes it has taken all available steps to obtain the benefits of ownership of Rushmore Agency, although greater control could be obtained if the Company were permitted to own Rushmore Agency. See "Business--Insurance Services--Rushmore Insurance Services, Incorporated."

Competition

The securities and insurance industries are highly competitive, with many large, diversified, well-capitalized brokerage firms, financial institutions and other organizations. The Company, in many instances, competes directly with such organizations for market share of commission dollars, and qualified registered representatives and insurance agents. In 1996, approximately 97.6% of the Company's revenues were derived from commissions generated by securities representatives and insurance agents. While the Company believes that its relations with its independent agents and representatives are generally good, there can be no assurance that the Company will continue to be able to maintain these relationships, that a majority of its agents and representatives will continue to be affiliated with the Company or that the Company will continue to be able to attract and retain quality independent agents and representatives. If a significant number of the Company's agents and representatives cease to be affiliated with the Company, the Company's financial condition and results of operations would be adversely affected. Many of the Company's competitors are better capitalized, have more established reputations, greater marketing experience or prowess, better relationships with investment product suppliers or have other competitive advantages. Competitive pressures may adversely affect the Company and its prospects. See "Business--Competition."

Integration of Unspecified Acquisitions

A material element of the Company's growth strategy is to expand its existing business through strategic acquisitions. While the Company continuously evaluates opportunities to make strategic acquisitions, it has no present commitments or agreements with respect to any material acquisitions. There can be no assurance that the Company will be able to identify and acquire such companies or that it will be able to successfully integrate the operations of any company it acquires. Further, any acquisition may initially have an adverse effect upon the Company's results while the acquired business is adapting to the Company's management and operating practices. There can be no assurance that the Company's personnel, systems, procedures, and controls will be adequate to support the Company's growth. In addition, there can be no assurance that the Company will be able to establish, maintain or increase profitability of an entity once it has been acquired. There can be no assurance that the Company will be able to obtain adequate financing for any acquisition, or that, if available, such financing will be on terms acceptable to the Company. See "The Company."

Dependence on Key Personnel

The Company's success is largely dependent on the skills, experience and performance of certain key members of its management, including particularly D. M. Moore, Jr., the Company's Chief Executive Officer,

and Jim W. Clark, President of Rushmore Securities. The loss of the services of any key employee could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. The Company has not obtained key man life insurance on the lives of any individual other than Mr. Moore. The Company has entered into three year employment contracts with Mr. Moore and Mr. Clark, but the Company has not entered into employment agreements with any of its other employees. Such employment agreements are terminable only upon death, disability or for cause, including resignation. Upon termination for any reason other than disability or for cause, the executive is entitled to three years' severance pay. The Company's future success and plans for growth also depend on its ability to attract, train and retain skilled personnel in all areas of its business. See "Management."

Control by Management

After completion of this Offering, the executive officers and directors of the Company will own approximately 35% of the shares of Common Stock outstanding if the minimum number of shares is sold, and 30% if the maximum number of shares is sold. Accordingly, and because there is no cumulative voting for directors, the executive officers and directors of the Company will be in a position to influence strongly the election of all of the directors of the Company and to control through their stock ownership the business of the Company. See "Management" and Principal Shareholders."

Increase in Employees

As described in "Use of Proceeds," the Company intends to apply a significant amount of the net proceeds of this Offering to the addition of personnel to support the growth of its insurance services, broker dealer and investment advisor units. While the Company believes that such additions are needed in order to achieve the Company's growth objectives, the addition of personnel involves a lag in the creation of revenues from such proceeds, which could have an adverse effect on the Company's potential for earnings. See "Use of Proceeds" and "Management's Discussion and Analysis of Financial Condition and Results of Operation."

Shares Eligible for Future Sale

Sales of substantial amounts of Common Stock in the public market following the Offering could adversely affect the market price for the Common Stock. Upon completion of this Offering, the Company will have a maximum of 3,356,664 shares outstanding. Of these shares, the maximum of 1,250,000 shares offered hereby will be freely tradeable without restriction or registration under the Securities Act of 1933 (the "Securities Act") by persons other than "affiliates" of the Company, as defined under the Securities Act. No affiliate or member of management will purchase any shares of Common Stock in the Offering in order for the Company to meet the minimum Offering requirement. The remaining 2,106,663 shares of Common Stock will be "restricted securities" as that term is defined by Rule 144 as promulgated under the Securities Act. Upon the closing of the Offering, the Company will have options and warrants outstanding to purchase an aggregate additional 228,573 shares of Common Stock. See "Shares Eligible for Future Sale," "Description of Capital Stock" and "Principal Shareholders."

Under Rule 144, the Company believes that the earliest date on which any of the shares of its Common Stock currently outstanding will be eligible for sale under Rule 144 is 90 days following the completion of this Offering. All executive officers and directors and certain shareholders collectively owning 1,505,502 shares of Common Stock in the Company have executed lock-up agreements restricting the transfer and sale of Common Stock. Pursuant to these restrictions, the holders of such restricted shares, including all of the Company's executive officers and directors, have agreed that they will not, directly or indirectly, offer, sell, offer to sell, contract to sell, pledge, grant any option to purchase or otherwise sell or dispose (or announce any offer, sale, offer of sale, contract to sell, pledge, grant of any options to purchase or sale or disposition) of any shares of Common Stock or other capital stock of the Company, or any securities convertible into, or exercisable or exchangeable for, any shares of Common Stock or other capital stock of the Company without the prior written consent of the Representative, on behalf of the Underwriters, for a period of 180 days from the date of this

Prospectus. In addition, all directors, officers and persons owning more than 5% of shares outstanding have agreed pursuant to State Blue Sky Law requirements to subject certain of their shares to a lock-in agreement until the Company meets certain earnings or other requirements.

Prior to this Offering, there has been no public market for the Common Stock and no predictions can be made of the effect, if any, that the sale or availability for sale of additional shares of Common Stock will have on the market price of the Common Stock. Nevertheless, sales of substantial amounts of such shares in the public market, or the perception that such sales could occur, could materially and adversely affect the market price of the Common Stock and could impair the Company's future ability to raise capital through an offering of its equity securities.

Absence of Prior Market

The public offering price of the Common Stock will be determined solely by negotiations between the Company and the Representative based on several factors that may not be indicative of future market prices. See "Underwriting" for a discussion of the factors to be considered in determining the initial public offering price. Among the factors to be considered in determining the

price will be the Company's current financial condition and prospects, market prices of similar securities of comparable publicly traded companies and the general condition of the securities market. However, the public offering price of the Common Stock will not necessarily bear any relationship to the Company's assets, book value, earnings or any other established criterion of value.

There has been no public market for the Common Stock prior to the Offering, and there can be no assurance that an active trading market will develop or be sustained after completion of the Offering or that the market price of the Common Stock will remain at or above the public offering price. In the event that the Company's operating results are below the expectations of public market analysts and investors in one or more future periods, it is likely that the price of the Common Stock will be materially adversely affected. In addition, the stock market has experienced significant price and volume fluctuations that have affected the market prices of equity securities of many companies and that often have been unrelated to the operating performance of such companies. General market fluctuations may also adversely affect the market price of the Common Stock. See "Underwriting."

No Commitment to Purchase Common Stock; Deposits of Subscriptions

The Underwriters, in selling the Common Stock, are acting as agents of the Company on a "best efforts" basis. The Underwriters are only obligated to use their best efforts to sell the Common Stock, and the Company will not receive any proceeds of the Offering unless the Underwriters sell shares equal to the minimum Offering. If the minimum Offering is not sold, potential investors will lose the use of their funds for the Offering period, and any extension thereof, although the funds invested by them will be returned with interest.

Possible Delisting of Common Stock from Nasdaq SmallCap Market

Nasdaq has implemented changes to the standards for companies to remain listed on the SmallCap Market, including, without limitation, new corporate governance standards, a new requirement that a listed company have net tangible assets of $2,000,000, market capitalization of $35,000,000 or net income of $500,000 and other qualitative requirements. The Company has applied for listing of its Common Stock on the Nasdaq SmallCap Market, subject to completion of this Offering, and believes that it will meet all criteria to become listed and to continue its listing after completion of this Offering. There can be no assurance, however, that an active trading market will develop or that if such a market is developed that it will be sustained. In addition, to obtain a listing the Company is required to maintain at least three market makers in the Company's Common Stock. The Representative has indicated that it will act as a market maker, and the Company believes it will have at least three market makers by the closing of the Offering. If the Company is unable in the future to satisfy the requirements for continued quotation on the Nasdaq SmallCap Market, trading in the Common Stock offered hereby would be conducted only in the over-the-counter market in what are commonly referred to as the "pink sheets" or on the NASD Electronic Bulletin Board. As a result, an investor may find it more difficult to dispose of or obtain accurate quotations as to the price of the Common Stock offered hereby.

Exercise of Representative's Warrants

In connection with this Offering, the Company will sell to the Representative, for nominal consideration, warrants (the "Warrants") to purchase an aggregate of 50,000 shares of Common Stock. The Warrants will be exercisable for five years after the first anniversary of the date of this Prospectus at an exercise price of 110% of the initial price to public set forth on the cover page of this Prospectus. The Representative will have the opportunity to profit from a rise in the market price of the Common Stock, if any, without assuming the risk of ownership. To the extent that any of the Warrants are exercised, the ownership interest of the Company's shareholders may be diluted. The Company also has granted registration rights to the Representative with respect to the 50,000 shares of Common Stock issuable upon exercise of the Warrants.

Over-the-Counter Market; Penny Stock Trading Rules

The Common Stock will be traded in the over-the-counter market and may be subject to the "penny stock" trading rules. The over-the-counter market is characterized as volatile in that securities traded in such market are subject to substantial and sudden price increases and decreases and at times price (bid and asked) information for such securities may not be available. In addition, when there is a limited number of market makers (a dealer holding itself out as ready to buy and sell the securities on a regular basis), there is a risk that the dealer or group of dealers may control the market in the security and set

prices that are not based on competitive forces and the available offered price may be substantially below the quoted bid price.

Generally, at any time the bid price of the Common Stock in the over-the-counter market is less than $5.00, the Company's equity securities will be subject to the "penny stock" trading rules, unless the Company meets certain other exemptions under the "penny stock" trading rules. The "penny stock" trading rules impose additional duties and responsibilities upon broker-dealers and salespersons effecting purchase and sale transactions in such equity securities of the Company, including determination of the purchaser's investment suitability, delivery of certain information and disclosures to the purchaser, and receipt of a specific purchase agreement from the purchaser prior to effecting the purchase transaction. Compliance with the "penny stock" trading rules affect or will affect the ability to resell the Common Stock by a holder principally because of the additional duties and responsibilities imposed upon the broker-dealers and salespersons recommending and effecting sale and purchase transactions in such securities. In addition, many broker-dealers will not effect transactions in penny stocks, except on an unsolicited basis, in order to avoid compliance with the "penny stock" trading rules. Consequently, the "penny stock" trading rules may materially limit or restrict the number of potential purchasers of the Common Stock and the ability of a holder to resell the Company's equity securities. See "Underwriting."

Lack of Dividends

The Company does not anticipate paying any cash dividends on its Common Stock in the foreseeable future. In addition, the shares of Preferred Stock outstanding are entitled to a preference over the Common Stock in the payment of dividends. The Company intends to retain profits, if any, to fund growth and expansion. See "Dividend Policy."

Dilution

The principal shareholders of the Company have acquired Common Stock at a cost per share that is significantly less than that at which the Company intends to sell the Common Stock in this Offering. Therefore, an investment in the Common Stock offered hereby will result in the investors experiencing immediate and substantial dilution in net tangible book value of $3.38 per share of Common Stock, or 61.5%, as a result of the maximum Offering, and $3.92 per share of Common Stock or 71.3% as a result of the minimum Offering. See "Dilution."

Anti-Takeover Provisions

The Company's Articles of Incorporation and Bylaws may make it difficult to effect a change in control of the Company and replace incumbent management. See "Description of Securities--Anti-Takeover Provisions."

The Articles of Incorporation authorize the Board of Directors to issue Preferred Stock in classes or series, and to determine voting, redemption and conversion rights and other rights related to such class or series of Preferred Stock that, in some circumstances, could have the effect of preventing a merger, tender offer or other takeover attempt which the Company's Board of Directors opposes. Such provisions could also exert a negative influence on the value of the Common Stock and of a shareholder's ability to receive the highest value for the Common Stock in a transaction that may be hindered by the operation of these provisions. The Company's directors are elected for three-year terms, with approximately one-third of the Board standing for election each year, which may make it difficult to effect a change of incumbent management and control. In addition, directors may be removed only for "good cause" as defined in the Company's bylaws, and such bylaws require an action by more than two-thirds of shares outstanding to call a special meeting of shareholders. Further, Rushmore Life is regulated by the Arizona Department of Insurance, and no change of control of the Company could occur without the approval of that department. See "Description of Securities--Anti-Takeover Provisions", "--Preferred Stock", "--Classified Board" and "Business--Regulation."

Outstanding Preferred Stock

As of the date of this Prospectus, the Company had outstanding two series of Preferred Stock having a total liquidation value of $180,920 and bearing a cumulative dividend rate of 9% per year. Such shares of Preferred Stock are entitled to a preference over the Common Stock upon any liquidation of the Company and to a preference in the payment of dividends. In addition, the Board of Directors is authorized, without shareholder approval, to create additional classes and series of Preferred Stock out of the total of 100,000 shares

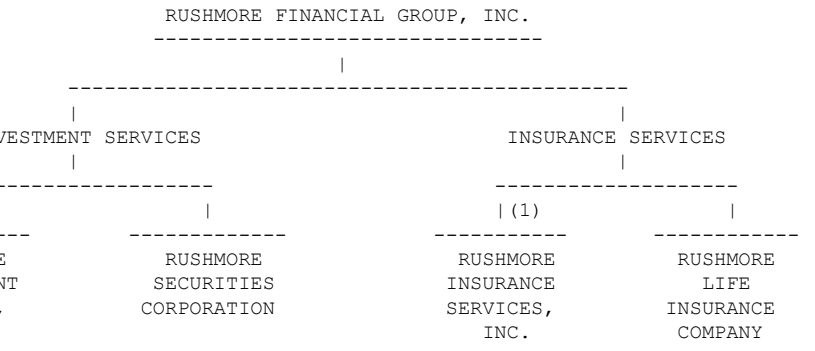
authorized as described above in "--Anti-Takeover Provisions." Also see "Description of Securities."

Stabilization Transactions

The Representative has informed the Company that certain persons participating in this Offering may engage in transactions that stabilize, maintain or otherwise affect the price of Common Stock including entering stabilizing bids. In general, purchases of a security for the purposes of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. Neither the Company nor the Representative makes any representation or predictions as to the direction or magnitude of any effect that such stabilizing transactions, if any, may have on the price of the Common Stock. In addition, neither the Company nor the Representative makes any representations that the Representative will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice. See "Underwriting."

THE COMPANY

The Company was incorporated in September 1990 and began operations in March 1991. The Company's growth strategy has emphasized acquisitions of businesses and their management. Since 1991, the Company has acquired the stock or assets of four companies totaling more than $35 million in assets and 180 employees and agents. The Company's securities business was acquired in 1991 in two separate transactions by purchasing all of the common stock of Ken Davis Securities, Inc. and the assets of Discount Securities of the Southwest, Inc. In June 1994, Rushmore acquired a 20% interest in the holding company of Rushmore Life (then known as First Financial Life Insurance Company) and completed the acquisition of the entire company by merger in April 1997 in exchange for 508,144 shares of Common Stock and $137,900. Rushmore acquired the Wesley Financial Group in June 1995, an insurance agency marketing organization, in exchange for 50,280 shares of Common Stock. One additional subsidiary, Rushmore Financial Corporation, was formed in November 1993 to act as a mortgage company and was discontinued in March 1997. See "Management's Discussion and Analysis of Financial Condition and Results of Operation--Discontinued Operations." A diagram of the organizational structure of the Company is as follows:



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(1) All subsidiaries are wholly owned, except Rushmore Insurance Services, Inc, which is owned by D. M. Moore, Jr., the Company's Chairman and Chief Executive Officer, because the Texas Insurance Code prohibits life insurance agencies to be owned by corporations. The financial statements of Rushmore Agency are not consolidated with those of the Company; however, pursuant to an Overhead Services Agreement, all revenues and expenses of Rushmore Insurance Services, Inc. are passed through to the Company as permitted by insurance regulations. See Note 2 to the Financial Statements. In addition, Mr. Moore has granted the Company an irrevocable option for the Company to appoint any other qualified person to acquire the capital stock of Rushmore Agency on its behalf.

USE OF PROCEEDS

The estimated net proceeds to the Company from the sale of the Common Stock

will be $3,495,000 if the minimum number of shares offered pursuant to the Offering is sold and $6,025,000 if the maximum number of shares offered pursuant to the Offering is sold.

The following table demonstrates the intended application of the minimum and maximum amount of proceeds available from this Offering.

<TABLE>
<CAPTION>

INDENDED USE	MINIMUM OFFERING	PERCENT	MAXIMUM OFFERING	PERCENT
<S>	<C>	<C>	<C>	<C>
Contribution to Rushmore Agency to support the addition of new agents.....	$1,500,000	42.9	$2,000,000	33.2
Contribution to Rushmore Life capital surplus to enable the increase of retained coinsurance.....	300,000	8.6	300,000	5.0
Contribution to Rushmore Securities to support the addition of new representatives.....	500,000	14.3	1,000,000	16.6
Contribution to Rushmore Advisors to support the addition of marketing and advisory personnel.....	500,000	14.3	500,000	8.3
Operating capital, general corporate purposes and possible acquisitions, including:				
Leasehold improvements, equipment and software.....	120,000	3.4	200,000	3.3
Advertising and printing.....	40,000	1.1	100,000	1.7
Unspecified acquisitions.....	250,000	7.2	1,100,000	18.3
General working capital.....	285,000	8.2	825,000	13.7
	$3,495,000	100.0	$6,025,000	100.0

</TABLE>

Assuming that the minimum number of shares offered pursuant to this Offering is sold, the Company believes that the proceeds of this Offering together with funds generated from operations will meet the Company's anticipated funding needs at least for the next twelve months.

DIVIDEND POLICY

The Company paid one dividend on its Common Stock in March 1995 in the amount of $0.04 per share, and pays dividends quarterly to the holders of its Preferred Stock at a rate of 9% per year. The Company has no current plans to pay any future cash dividends on the Common Stock. Instead, the Company intends to retain all earnings, other than those required to be paid to the holders of the Preferred Stock, to support the Company's operations and future growth. The payment of any future dividends on the Common Stock will be determined by the Board of Directors based upon the Company's earnings, financial condition and cash requirements, possible restrictions in future financing agreements, if any, restrictions in the Certificates of Designation for the Preferred Stock, business conditions and such other factors deemed relevant.

DILUTION

As of September 30, 1997, the net tangible book value of the Company was $868,053 or $.43 per share of Common Stock. Net tangible book value per share of the Company is the amount of its tangible assets less its total liabilities, divided by the number of shares of Common Stock outstanding. After giving effect to the sale of the minimum and maximum number of shares of Common Stock at the assumed Offering price per share of $5.50, and the application of the net proceeds therefrom, the pro forma net tangible book value per share would increase, representing an immediate increase in net tangible book value to current holders of Common Stock, and an immediate dilution to new investors, as illustrated in the following table.

<TABLE>
<CAPTION>

	MINIMUM OFFERING		MAXIMUM OFFERING	
<S>	<C>	<C>	<C>	<C>
Assumed Offering price per share.....		$5.50		$5.50
Net tangible book value per share before this Offering.....	.43		.43	

Increase per share attributable to new investors.....	1.15	1.69
Adjusted net tangible book value per share after this Offering.....	1.58	2.12
Dilution per share to new investors.....	$3.92	$3.38

</TABLE>

The following table summarizes, as of September 30, 1997, the number of shares of Common Stock purchased from the Company, the total consideration paid, and the average price per share paid by the existing shareholders and the number of shares of Common Stock purchased from the Company and the total consideration paid by the new investors purchasing shares of Common Stock in this Offering at the minimum and maximum levels, after deduction of the underwriting discounts and commissions and offering expenses payable by the Company:

MINIMUM OFFERING

<TABLE>
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	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PER
	NUMBER	PERCENT	AMOUNT	PERCENT	SHARE
<S>	<C>	<C>	<C>	<C>	<C>
Existing Shareholders.....	2,005,488	72.8	$ 1,958,716	35.9	.98
New Shareholders.....	750,000	27.2	3,495,000	64.1	4.66
Total.....	2,755,488	100.0	$ 5,453,716	100.0	

MAXIMUM OFFERING

<CAPTION>

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PER
	NUMBER	PERCENT	AMOUNT	PERCENT	SHARE
<S>	<C>	<C>	<C>	<C>	<C>
Existing Shareholders.....	2,005,488	61.6	$ 1,958,716	24.5	.98
New Shareholders.....	1,250,000	38.4	6,025,000	75.5	4.82
Total.....	3,255,488	100.0	$ 7,983,716	100.0	

</TABLE>

CAPITALIZATION

The following table sets forth the long-term debt and capitalization of the Company as of September 30, 1997 on an actual basis and as adjusted to reflect the receipt of the estimated net proceeds from the sale by the Company of 750,000 shares of Common Stock pursuant to this Offering at the minimum level and 1,250,000 shares of Common Stock at the maximum level at an assumed initial public offering price of $5.50 per share and after deducting underwriting discounts and commissions and estimated offering expenses, and the application of the estimated net proceeds therefrom. See "Use of Proceeds."

<TABLE>
<CAPTION>

	SEPTEMBER 30, 1997		
		AS ADJUSTED	
	ACTUAL(1)	MINIMUM	MAXIMUM
	(IN THOUSANDS, EXCEPT SHARE DATA)		
<S>	<C>	<C>	<C>
Long term debt:.....	--	--	--
Stockholders' equity (deficit):			
Preferred Stock, 9% cumulative, $10 par value, 4,300 shares issued and outstanding.....	43	43	43
Preferred Stock, Series A Cumulative, $10 par value, 13,792 shares issued and outstanding.....	138	138	138
Common Stock, $0.01 par value; 10,000,000 shares authorized; 2,005,488 shares issued and outstanding, actual; 2,755,488 shares issued and outstanding, as			

adjusted at the minimum level; 3,255,488 shares issued and outstanding, as adjusted at the maximum level	20	28	33
Additional paid-in capital	1,938	5,425	7,950
Accumulated deficit	(563)	(563)	(563)
Shareholder loans and due from affiliate	(172)	(172)	(172)
Total shareholders' equity	1,405	4,900	7,430
Total capitalization	$ 1,405	$ 4,900	$ 7,430

</TABLE>

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(1) Derived from the Company's unaudited consolidated financial statements included elsewhere in this Prospectus. See "Financial Statements."

SELECTED AND PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the financial statements and the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Prospectus. The information for the years ended December 31, 1995 and 1996, are derived from the audited financial statements included elsewhere in this Prospectus. The information for the nine months ended September 30, 1997 and the pro forma information are derived from unaudited financial statements that are included elsewhere in this Prospectus. Such unaudited information, together with the unaudited information for the year ended December 31, 1994, includes, in the opinion of management, all normal recurring adjustments necessary for a fair presentation of the information set forth therein. The results of operations for the nine months ended September 30, 1997 are not necessarily indicative of results for the year ending December 31, 1997.

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,				NINE MONTHS ENDED SEPTEMBER 30,		
	1994	1995	1996	PRO FORMA 1996	1996	1997	PRO FORMA 1997
	(IN THOUSANDS EXCEPT PER SHARE DATA)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:							
Revenues from investment services	$ 828	$ 857	$ 1,523	$ 1,523	$ 999	$ 1,724	$ 1,693
Revenues from insurance services	191	152	347	6,346	286	3,216	4,800
Total revenues	1,031	1,020	1,885	7,884	1,297	4,981	6,535
Investment services expense	749	787	1,325	1,325	865	1,485	1,485
Insurance services expense	(44)	33	13	6,194	32	2,867	4,430
General and administrative expenses	346	431	663	663	512	630	630
Total expenses	1,051	1,251	2,001	8,182	1,409	4,982	6,544
Loss from continuing operations	(20)	(234)	(120)	(302)	(116)	(5)	(14)
Net loss	(31)	(210)	(171)	(158)	(149)	(31)	(14)
Net income (loss) applicable to common shareholders	(36)	(216)	(181)	(168)	(155)	(44)	(26)
Net income (loss) per share of Common Stock after dividends on Preferred Stock	(.09)	(.18)	(.13)	(.09)	(.11)	(.03)	(.01)
OTHER DATA:							
Insurance agents	839	1,127	1,271	1,271	1,249	1,341	1,341
States represented	32	36	38	38	38	39	39
Securities representatives	97	112	105	105	105	125	125
States represented	10	13	23	23	23	24	24
Insurance in force	--	--	--	$1,018,723	--	$978,480	$978,480
Insurance in force retained net of reinsurance agreements	--	--	--	435,442	--	420,132	420,132
Premium income	--	--	--	5,237	--	2,845	3,949
Funds under management							
Discretionary	--	--	4,600	4,600	2,900	13,400	13,400

Non-discretionary.....	18,900	45,200	67,700	67,700	59,000	89,400	89,400

<CAPTION>

	DECEMBER 31, 1996		SEPTEMBER 30, 1997		
	ACTUAL	PRO FORMA	ACTUAL	AS ADJUSTED, MINIMUM	AS ADJUSTED, MAXIMUM
	(DOLLARS IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA:					
Cash and equivalents.....	$ 118	$ 1,368	$ 1,426	$ 4,921	$ 7,451
Amounts on deposit with Insurers.....	--	28,095	28,894	28,894	28,894
Total assets.....	543	35,744	35,681	39,176	41,706
Policy reserves.....	--	33,436	33,258	33,258	33,258
Total indebtedness.....	39	39	48	48	48
Shareholders' equity.....	351	1,409	1,405	4,900	7,430

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information presented in this section should be read in conjunction with the information contained in the financial statements, including the notes thereto, and the other financial statements appearing elsewhere in this Prospectus.

GENERAL

Rushmore is a financial services holding company that provides a wide range of investment and insurance services and products to its clients through a national distribution network of 115 securities representatives operating in 27 states and 1,300 insurance agents in 39 states.

The Company has posted net losses from operations in all but one year of its existence, when in 1993 it made a small net profit. As of September 30, 1997, it had a cumulative deficit in its retained earnings of $562,579. The Company has emphasized the building of a national distribution network of representatives and agents and has developed an infrastructure to effect sales of investment and insurance products and services. Management believes it has established the necessary corporate infrastructure to increase its revenues without adding significant additional overhead. The Company has financed its growth through revenues from operations and sales of its equity securities to its officers, employees and independent agents.

One of the principal indicators of the Company's ability to compete effectively among the many providers of financial services and products is the number of agents and representatives it is able to attract. The number of these persons has grown steadily, and the proceeds of this Offering will provide the operating capital needed to increase this base. Growth in the Company's sales force has also been accomplished through acquisitions. See "The Company" and "Use of Proceeds." The number of agents and representatives has increased as shown by the following table:

NUMBER OF AGENTS AND REPRESENTATIVES

<TABLE>
<CAPTION>

	DECEMBER 31,					
	1992	1993	1994	1995	1996	SEPTEMBER 30, 1997
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Insurance agents.....	481	645	839	1,127	1,271	1,341
Securities representatives.....	48	71	97	112	105	125

</TABLE>

Another priority for the Company has been to increase the productivity of its representatives and agents. It has accomplished this by allowing attrition of nonproducing sales personnel and by equipping its producing agents and representatives with training, technology and a wide range of investment and insurance products. The productivity of its agents and representatives, as measured by the average amount of gross commissions per person, is indicated by the following table. Gross commissions for purpose of this table includes the dollar amount of all management fees, premiums or gross commissions produced annually by the top 25 agents and representatives, who account for more than 70% of all commissions each year:

AVERAGE COMMISSIONS PER TOP PRODUCER

<TABLE>
<CAPTION>

YEARS ENDED DECEMBER 31,					NINE MONTHS ENDED SEPTEMBER 30,
1992	1993	1994	1995	1996	1997
<S>	<C>	<C>	<C>	<C>	<C>
$36,134	$37,138	$51,500	$48,382	$59,584	$57,528

</TABLE>

RESULTS OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, 1997 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1996

Revenues. Total revenues increased 284% from $1,296,565 in the first nine months of 1996 to $4,980,984 during the first nine months of 1997. The increase included a $724,474 (72.5%) increase in investment services revenues, resulting from additional representatives, revenues generated from the business of Rushmore Advisors and favorable equity markets during 1997; a $212,345 (74.3%) decrease in insurance services revenues from agency operations as a result of a one-time settlement of litigation for back-commissions from an Insurer (as defined below) in 1996 of $156,000; and $3,142,054 from the consolidated operations of Rushmore Life following its acquisition in full in April 1997. The revenues of Rushmore Life included $2,092,002 net premium income, representing Rushmore Life's quota share of policy premiums paid under coinsurance agreements, and $1,050,052 net investment income of Rushmore Life. Excluding the revenues of Rushmore Life, the comparable revenues increased 41.8% from $1,296,565 to $1,838,930. Revenues from insurance services from the operations of Rushmore Agency historically are not a large amount, because the bulk of commissions from Insurers on sales of insurance proceeds are paid directly from the Insurers to the agents and do not pass through Rushmore Agency.

Expenses.

Investment services expenses increased 71.7% from $864,855 to $1,485,268 primarily due to commissions paid to representatives of $1,425,141 in the 1997 interim period. The increase corresponded to the growth in revenues. Commissions paid as a percentage of commission revenue increased from the first nine months of 1997 (87.9%) to the first nine months of 1996 (85.9%). Direct overhead associated with investment services increased 252% from $17,039 to $60,127, primarily due to the net premium on an errors and omissions insurance policy implemented in 1997, offset by increased collections from representatives for their share of such premiums.

Insurance services expense components changed substantially due to the consolidation of Rushmore Life beginning in April 1997. In years prior to 1997, insurance services expenses included only the loss (or income) of the Company's minority ownership in Rushmore Life, accounted for on the equity method. The first three months of the interim 1997 period included an equity in subsidiary loss, whereas the next six months included the consolidated operations of Rushmore Life, including expense categories of benefit, claims and losses, representing claims against policies coinsured by Rushmore Life in the amount of $1,128,230, amortization of deferred acquisition costs of $1,041,328 and other insurance company expenses of $697,655. Deferred acquisition costs are recorded for purposes of generally accepted accounting principles as an asset consisting of the commissions and other costs of underwriting a new insurance policy and are amortized over the life of the policy. Such payments are treated as an expense under statutory accounting principles applicable to insurance companies, resulting in greater income under generally accepted accounting principles. During the nine months ended September 30, 1997, the average credited interest rates on outstanding universal life policies was 5.38% (as compared to 5.69% for the year ended 1996).

General and administrative expenses increased 23% from $511,856 to $629,514 due to staff increases and office relocation expenses in 1997.

Operating Loss.

The Company's operating loss for the nine months ended September 30, 1997 decreased 99.1% from $112,404 to $1,011. The Company's net loss applicable to common shareholders for the nine months ended September 30, 1997 decreased 71.9% from $155,178 or $0.11 per share to $43,545 or $0.03 per share. The net loss in 1997 included $12,212 of preferred dividends paid compared to $5,816 in 1996.

Pro forma revenues and expenses for the nine months ended September 30, 1997 were $6,534,609 and $6,544,383 respectively, compared to $4,980,984 and $4,981,995 for the actual nine months, a net operating loss difference of $9,774 pro forma compared to $1,011 actual. The principal difference is due to showing the full nine months of revenue and expense of Rushmore Life in the pro forma figure as though Rushmore Life had been acquired on January 1, 1996. Pro forma results are not necessarily indicative of actual results, but are helpful to demonstrate the full effect of an acquisition accounted for as a purchase transaction.

1996 COMPARED TO 1995

Revenues.

Revenues increased 84.9% from $1,019,662 in 1995 to $1,885,492 in 1996. The primary component of revenues in both years was commissions and other income from investment services (84.1% of revenues in 1995 and 80.8% of revenue in 1996). The increase during 1996 included a 77.7% increase in investment services, and a 128.9% increase in insurance services. The growth in revenue was due to an increase in producing representatives, more favorable market conditions, and the settlement proceeds described above.

Expenses.

Investment services expenses included commissions paid to representatives, which increased 74.0% from $713,308 to $1,241,476, resulting from increased sales of securities. Commission expense as a percentage of commission revenue was 83.1% in 1996 and 83.2% in 1995. Direct overhead increased 13.2% from $74,058 to $83,803 due primarily to licensing fees to expand operations to additional states.

Insurance services expense in both years consisted solely of the equity in subsidiary loss, which decreased 61.1% from $33,184 to $12,893.

General and administrative expenses increased 54.0% from $430,551 to $663,172 due to legal fees and expenses associated with litigation.

Operating Loss.

Operating loss decreased 49.9% from $231,439 to $115,852. The Company's net loss applicable to common shareholders decreased 16.3% from $216,065 or $0.18 per share in 1995 to $180,778 or $0.13 per share in 1996. Net loss in 1996 of $180,778 included a loss from discontinued operations of $50,504 and preferred dividends paid of $9,887 compared to income from discontinued operations of $24,207 and preferred dividends paid of $5,844 in 1995.

1995 COMPARED TO 1994

Revenues.

Revenues declined 1.1% from $1,031,421 in 1994 to $1,019,662 in 1995. The primary component of revenues in both years was revenue from investment services (80.3% of revenues in 1994 and 84.1 % of revenues in 1995). The 3.5% increase in revenues from investment services from 1994 to 1995 was offset by a decrease of 20.4% in revenues from insurance services, due to a disruption in revenues following a change of Insurers.

Expenses.

Investment Services expenses consist of commissions paid to representatives and direct overhead related to Rushmore Securities and Rushmore Advisors. Commissions increased 6.1% from $672,284 to $713,308 corresponding generally to the increase in sales of securities. Direct overhead decreased 2.9% from $76,235 to $74,058.

Insurance Services expenses in 1994 and 1995 consisted of the equity in subsidiary loss attributed to the Company's 25% interest in Rushmore Life during 1994 and 1995, which decreased from a $44,373 profit in 1994 to a $33,184 loss in 1995, resulting from a chargeback of a litigation settlement in 1995 from an Insurer.

General and administrative expenses increased 24.1% from $346,973 in 1994 to $430,551 in 1995 due to increased staffing and upgrading of computer hardware and software.

Operating Loss.

Operating loss increased 1,069% from $19,798 in 1994 to $231,439 in 1995. The Company's net loss applicable to common shareholders increased 510.2% from $35,406 or $0.09 per share in 1994 to $216,065 or $0.18 per share in 1995. Net loss included preferred dividends paid of $5,844 in 1995 compared to preferred dividends paid of $4,730 in 1994. Operating loss in 1994 was offset by a $24,207 net profit from discontinued operations.

DISCONTINUED OPERATIONS

The Company experienced net losses totaling $61,925 during the three years and nine months ended September 30, 1997 from its mortgage lending operation, which was discontinued in March 1997. The revenues and expenses of such operations are combined and reflected as a loss from discontinued operations.

LIQUIDITY

Cash Flows from Operating Activities. The Company's net loss of $170,891 for the year ended December 31, 1996 was offset by non-cash depreciation expense and equity of loss in subsidiary resulting in a net cash flow used by operating activities in the amount of $26,752. For the nine months ended September 30, 1997, the net loss of $31,333 was offset by numerous items from the consolidation of Rushmore Life following its acquisition in a transaction accounted for as a purchase in April 1997, and the net cash flows provided by operating activities was $134,309.

Cash Flows From Investing Activities. The Company acquired $26,749 of fixed assets during 1996 consisting primarily of office furniture and equipment. In the nine months ended September 30, 1997, the Company purchased $50,373 of capitalized equipment and recorded $119,353 for the purchases of the remaining interest in Rushmore Life and received cash of $1,329,149 in the acquisition.

Cash Flows from Financing Activities. The Company raised $251,180 during the year ended December 31, 1996, from the proceeds of sales of Common and Preferred Stock, including $68,572 from its officers and directors. During the nine months ended September 30, 1997, the Company raised $62,188 from the sale of Common Stock. The remaining changes in both periods resulted from loan principal payments, additional borrowings and dividends. Rushmore Life generates significant cash flow from operations deficiencies from charges in connection with mortality and administration of universal life and investment products, however, such deficiency is offset by receipts from universal life products constituting cash flows from financing activities.

Credit Facilities and Resources. The Company's cash and short term investments at September 30, 1997 was $1,426,363, of which $1,290,170 is held by Rushmore Life and is not immediately available to the Company for operating needs. The Company will be entitled to a dividend from Rushmore Life after January 1, 1998 in an amount equal to Rushmore Life's net profit on a statutory accounting basis. As of September 30, 1997, such profit was $192,273. The Company is entitled to receive monthly management fee payments from Rushmore Life equal to $14,000 plus expenses directly attributable to Rushmore Life. The Company does not have any unused lines of credit available to it and must rely on the proceeds of securities sales and operating revenue to fund its liquidity requirements. The Company believes that the proceeds of the Offering and revenues from operations during 1998 will be adequate to meet its cash needs for at least the next twelve months.

The Company intends to use the net proceeds from this Offering to invest $300,000 in Rushmore Life's capital surplus, allocate $1,500,000 to $2,000,000 to Rushmore Agency to support the addition of new agents, allocate $1,000,000 to Rushmore Securities to support the addition of new representatives, allocate $500,000 to Rushmore Advisors to add new marketing and advisory personnel, and use the balance used to provide additional operating capital and fund possible acquisitions. See "Use of Proceeds".

The Company has historically grown through acquisitions and will continue to review companies for possible acquisition. Any such future acquisitions will be financed through Company securities or new sources of funding, although certain proceeds of this Offering may be applied to fund acquisitions if they are not otherwise required to meet the Company's basic cash needs.

BUSINESS

Rushmore is a financial services holding company that provides a wide range of investment and insurance services and products to its clients through a national distribution network of 115 securities representatives in 27 states

and 1,300 insurance agents in 39 states. The Company believes that it is well positioned to take advantage of demographic trends in the aging of America and the increasing overlap of investment services with other financial security products. The Company's activities in these two complementary sectors of the financial services industry, investment services and insurance services, allow Rushmore to provide a full range of financial services to its clients and enhance the cross-selling opportunities of its select product lines.

The Company's investment services business consists of securities brokerage services, mutual fund distribution, variable life insurance and annuities sales and other financial services offered by Rushmore Securities Corporation ("Rushmore Securities"), which has 115 registered representatives in 27 states. In addition, Rushmore Investment Advisors, Inc. ("Rushmore Advisors") provides fee-based advisory services, using a proprietary asset allocation program known as RushMAP.

The Company's insurance services business selects and markets a wide range of life, disability, accident and health insurance and annuity products distributed through 22 exclusive and 1,300 independent agents of its affiliated agency, Rushmore Insurance Services, Inc. ("Rushmore Agency"). In addition, Rushmore Life Insurance Company ("Rushmore Life") acquires and coinsures up to a 50% interest in the policies written through representatives of Rushmore Agency that are issued by full-line life insurance companies that have entered into modified coinsurance agreements with Rushmore Life.

GROWTH STRATEGY

The Company's growth strategy focuses on expanding its national distribution network and continually seeking out and evaluating new products and acquisition opportunities that are consistent with the Company's objective to provide a full range of financial products and services. Over the past ten years, the amount invested in retirement and other financial security products and services has grown over 185%. According to the Federal Reserve Board of Governors, in 1986 the total amount invested in retirement and other financial security products by households and non-profit organizations was approximately $7.16 trillion, as compared to over $20.45 trillion at year end 1995, an 12.4% compounded annual growth rate. The Company's objective is to capture an increasing share of the commission revenues and assets related to the investment and insurance services industry. The key components of Rushmore's growth strategy include:

- expanding its distribution network by recruiting and retaining high quality and productive agents and representatives, including both exclusive "Career Partners" insurance agents and registered securities representatives and independent insurance agents;

- providing its sales force with a wide range of financial products and services, including exclusive insurance and investment products;

- offering incentives to its agents and employee, including favorable commission structures, stock option plans and award programs to attract and retain a loyal base of highly motivated personnel;

- upgrading its management information system to allow its agents and representatives to maintain an efficient and orderly flow of sales orders; and

- acquiring other insurance, securities and advisory firms and complementary financial services companies.

Insurance Services. The Company intends to expand its coinsurance activities with existing and new carriers, and actively seeks to acquire other full-line life insurance companies licensed in multiple states to begin selling the products of such companies through the Company's agency force. The Company intends to contribute $300,000 of the proceeds of the Offering to Rushmore Life in order to increase its capital surplus and increase the percentage of coinsurance retained. The Company will also pursue acquisitions of blocks of life insurance in

force. There is no assurance the Company will be able to acquire life insurance companies or blocks of business on terms acceptable to the Company. The Company will also allocate $1,500,000 to $2,000,000 to Rushmore Agency to support the addition of new agents.

Securities Brokerage. Rushmore Securities's strategy is to continue its growth by means of recruiting quality representatives, opening new branch offices, acquiring other broker-dealers and increasing its volume of business referred from other Rushmore subsidiaries and customers. The Company will

devote $500,000 to $1,000,000 from the proceeds of this Offering to these expansion plans.

Advisory Services. Rushmore Advisors' strategy is to increase its assets under management by maximizing cross-selling opportunities to clients of Rushmore Securities and Rushmore Agency and acquiring other investment advisory firms. Rushmore Advisors will emphasize three profit centers in these efforts: (i) the Rushmore Managed Asset Program ("RushMAP"), (ii) estate and financial planning for high net worth individuals, corporations and pension funds, and (iii) a partnership investment that is structured as a "fund of funds", or a grouping of experienced money managers selected to meet specific return objectives within a defined risk tolerance level. The Company will devote approximately $500,000 from the proceeds of the Offering to these plans.

INVESTMENT SERVICES

See the "Glossary of Insurance Terms" on page G-1 for a definition of certain insurance terms used below.

Securities Brokerage--Rushmore Securities Corporation. Rushmore Securities provides investment services to its clients through a network of 115 registered representatives in 27 states, as of the date of this Prospectus. Rushmore Securities conducts its activities in eight branch offices. Rushmore Securities is a member of the NASD, the Municipal Securities Rulemaking Board ("MSRB") and the Securities Investors Protection Corporation ("SIPC").

Rushmore Securities functions as a full commission retail broker for clients to whom it makes trading recommendations, on a discretionary or non-discretionary basis, and as a discount broker as to unsolicited orders from its customers and from trades initiated by other Rushmore subsidiaries. It also sells mutual funds and variable annuity products.

Rushmore Securities acts as a broker/dealer for a full line of securities products, including stocks, bonds, mutual funds, variable annuities and certificates of deposit. It is known as a "fully disclosed" originating broker, meaning that it does not hold clients' funds, does not clear clients' trades on securities markets, and is not a member of any stock exchange. Instead, it forwards all clients' trades to one of the clearing firms with which it maintains a contractual relationship to execute such trades on the appropriate market. The Company currently has clearing agreements with Southwest Securities, Inc. and the Representative. This arrangement allows the Company to reduce some of the risk associated with trading and the amount of net capital it is required to maintain under applicable securities laws.

Most of Rushmore Securities' registered representatives are also licensed as insurance agents with Rushmore Agency. All such persons are employees of Rushmore Securities and are compensated on the basis of commissions on sales of investment securities. Each representative executes an agreement with Rushmore Securities to sell securities to their clients exclusively through Rushmore Securities and comply with Rushmore Securities' rules and procedures and all applicable federal and state laws. Rushmore Securities supervises the efforts of these representatives through 31 registered securities principals and branch office managers, who earn commissions and overrides on sales by persons under their supervision.

Rushmore Securities is continually seeking to add new representatives, especially those with prior brokerage experience and an established client base. Rushmore Securities believes it competes effectively for registered representatives based on its favorable commission structure, its ability to provide its representatives access to all securities markets and research reports from leading analysts, and the opportunity for representatives to earn stock options in the Company. Through its affiliate, Rushmore Advisors, Rushmore Securities also provides its representatives the flexibility to generate commission-based or fee-based income.

Investment Advisory Services--Rushmore Investment Advisors, Inc. The Company formed Rushmore Advisors in January 1996, in order to provide fee-based investment advisory and money management services to its clients. As of September 30, 1997, Rushmore Advisors provided services to 59 clients in six states, with more than $17 million under management. As of the date of this Prospectus, the Company had two portfolio managers to serve its clients.

Rushmore Advisors enters into investment advisory agreements with its clients that outline the services to be provided and the compensation to be paid. Such agreements are required by regulatory authority to contain various provisions, including the right of the client to terminate the agreement at

will. The agreements in force provide for annual compensation to Rushmore Advisors of up to 2.5% of funds under management.

The investment philosophy of Rushmore Advisors is to provide superior returns without materially increasing the associated investment risk. In equities, Rushmore Advisors seeks to achieve long-term capital appreciation by limiting its selections to listed stocks trading at more than $12 per share, with consistent records of earnings growth and strong balance sheets. With fixed income securities, Rushmore Advisors seeks income and preservation of capital through a diversified portfolio for each client considering its income needs and risk tolerance.

Rushmore Advisors does not execute trades of the clients' investment transactions, nor does it hold its clients' funds or securities. As of September 30, 1997, it had discretionary authority to direct the investments of approximately 55% of the funds under its management. The client may specify which securities broker to use to effect its investment trades, but virtually all trades effected by Rushmore Advisors are conducted through Rushmore Securities, which executes such trades on a discounted basis.

Rushmore Advisors cooperates with Rushmore Securities in providing its services to clients of both firms through the Rushmore Managed Asset Program ("RushMAP"). RushMAP is a proprietary system used to provide strategic and tactical asset management allocation of mutual funds and equities for accounts beginning at $100,000.

Rushmore Advisors directs its marketing efforts to high net worth individuals, corporations and pension plans having substantial funds to invest and who can benefit from the efforts of a professional money manager. Rushmore Advisors seeks to obtain clients having portfolios of at least $100,000 and believes it can fill a niche being neglected by larger money managers.

Rushmore Advisors' marketing efforts are performed by its portfolio managers, and it does not currently employ a separate sales force. While this limits the amount of time its personnel can spend on marketing to new clients, it permits its managers to interact directly with potential customers for its services. Rushmore Advisors also relies on Rushmore Agency's and Rushmore Securities' network of brokers and agents to market the RushMAP investment management products. The Company plans to hire a marketing officer during 1998.

INSURANCE SERVICES

Rushmore Insurance Services, Inc. The Company markets life, health and disability insurance and annuities to individuals and small businesses through a network of exclusive and independent agents. The Rushmore Agency group has primarily marketed policies under national marketing agreements with Massachusetts General Life Insurance Company, a subsidiary of Conseco Companies ("Conseco"), Southwestern Life Insurance Company and Great Southern Life Insurance Company, the companies with which it has entered into coinsurance arrangements (the "Insurers"). For the nine months ended September 30, 1997, the gross premiums for insurance written with the Insurers accounted for 67% of Rushmore Agency's total premium produced. Rushmore Agency's agents also market policies issued by 38 other life insurance companies, of which most are rated "A" or better by A.M. Best, that have appointed Rushmore Agency and its agents to sell on their behalf (the "Other Insurers"). The Company's agents are employed by or have contracts with Rushmore Agency, which is owned by D. M. Moore, Jr., Chairman and Chief Executive Officer of Rushmore, because the Texas Insurance Code does not permit life insurance agencies to be owned by corporations.

However, pursuant to an Overhead Services Agreement all revenues and expenses of Rushmore Agency are passed through to the Company as permitted by regulatory requirements. In addition, Mr. Moore has granted the Company an irrevocable option for the Company to appoint any other qualified person to acquire the capital stock of Rushmore Agency on its behalf.

Insurance Products. The Company's insurance agents sell a wide range of insurance and annuity products issued by the Insurers and Other Insurers. These include life insurance in the form of term life, universal life and variable universal life (universal life products are flexible premium life insurance policies under which the policyholder may change the death benefit from time to time and vary the amount or timing of premium payments); health insurance including cancer insurance, major medical, group health; fixed and variable annuities; and group and individual long-term disability insurance. Agents who sell variable life and annuity products are licensed as securities representatives with Rushmore Securities.

Rushmore Agency has entered into an agreement with the American Financial Freedom Association, a not-for-profit organization ("AFFA"), to administer AFFA and serve as its exclusive marketing organization for insurance services and investment services and other benefits to AFFA members. AFFA offers its members, including Rushmore clients, the opportunity to participate in lower cost group insurance and other benefits of AFFA, including discounted optical and dental benefits, prescription drug cards and consumer discounts. Rushmore Agency has also entered into a national marketing agreement with Legion Insurance Company to market its individual and group health insurance plans to AFFA members through the Career Partners Group.

Sales and Marketing. As of the date of this Prospectus, the Company either employed or contracted with more than 1,300 insurance agents in 39 states. With the exception of 22 agents who are employed by the Company in its Career Partners Group, all others are independent agents who have been appointed by Rushmore Agency, the Insurers and Other Insurers to sell policies of the Insurers and Other Insurers as part of Rushmore Agency's marketing organization.

In July 1997, the Company's Career Partners Group began developing full-time, career-oriented agents to market the products and services of the Insurers and Other Insurers on an exclusive basis. The Career Partners agents market bundled and packaged products, primarily to individuals in the small business and self-employed market in Texas. Rushmore Agency plans to expand the Career Partners Group to other states.

Rushmore Agency continually seeks to recruit new agents to join its marketing force. It recruits primarily existing licensed agents who are dissatisfied with their current affiliations. It also recruits previously unlicensed persons with proven sales backgrounds whom it trains to become licensed. The Company utilizes both advertising and referrals to locate qualified persons. Rushmore Agency is able to compete for new agents on the basis of the quality of the insurance products it offers, the opportunity for increased income through higher payouts and a more diversified product portfolio, sales training, and the opportunity to participate in the Company's Stock Option Plans. The Company has added 74 insurance agents during the past 9 months, and has terminated or lost 4 agents during such period.

Rushmore Life Insurance Company. A key feature of the Company's strategy has been to acquire a life insurance subsidiary to capture, through coinsurance agreements, a portion of the premiums from sales of insurance policies in addition to commissions. The Company acquired a 20% interest in Rushmore Life in 1994, and in April 1997 completed a merger transaction to acquire the balance of Rushmore Life in exchange for 508,144 shares of Rushmore Common Stock and $137,900. Rushmore Life is chartered as a life reinsurance company in the State of Arizona and is not licensed in any other state. Its business is therefore limited to coinsuring policies written by Rushmore agents and issued by full-line life insurance companies that have entered into modified coinsurance agreements with Rushmore Life.

Rushmore Life's coinsurance arrangements typically consist of a modified coinsurance agreement, under which Rushmore Life receives between 33 1/3% and 50% of the premium income and associated insurance risk on policies written by Rushmore Agency's agents. Because Rushmore Life's retention limit is $25,000 per policy, the differential between such retention and the amount coinsured with the Insurer is then reinsured back to the Insurer or another reinsurance carrier. A portion of the net proceeds of the Offering will be contributed to

Rushmore Life to permit it to increase its retention limit and add new insurance to its books. Rushmore Life earns a spread between the net coinsured premium income and the lower reinsurance premium. In the case of the coinsurance arrangement with the block of insurance written with Conseco, Rushmore Life is also party to an administrative services agreement pursuant to which a subsidiary of Conseco administers the block. Rushmore life will continue to pursue national marketing and coinsurance agreements with other full-line life insurance companies.

COMPETITION

The brokerage and insurance industries are highly competitive with many large, diversified, well-capitalized brokerage firms, financial institutions and other organizations. The Company, in many instances, competes directly with such organizations for market share of commission dollars, and qualified registered representatives and insurance agents.

Insurance Services. The Company's agency operations are intensely competitive in all of its phases, and there are more than 2.5 million

insurance agents in the United States representing more than 1,100 life and health insurance companies. The Company believes it is able to compete effectively on the basis of the quality and prices of the insurance products offered by the Insurers, its ability to incent it agents to sell the Company's products through the Company's commission structure, administrative and marketing support, achievement awards, management opportunities and ownership opportunities, and the loyalty of its client base. See "Management--1993 Option Plan."

Securities Brokerage. Rushmore Securities' sales market is characterized by intense competition among more than 5,400 NASD member firms employing more than 500,000 registered representatives. Most of the Company's competitors are very large, well capitalized global organizations that offer a full range of investment products. Rushmore Securities believes it is able to compete effectively due to Rushmore Securities' access to the same securities as larger firms and the experience and qualification of its sales force. Rushmore Securities believes it competes effectively for registered representatives based on its favorable commission structure, its ability to provide its representatives access to all securities markets and research and the opportunity to earn stock options in the Company. In addition, Rushmore Securities has benefited from the increase in securities trading volume during recent years. Combined, listed companies on the New York Stock Exchange and American Stock Exchange and NASDAQ have increased from 6,414 in 1987 to 9,272 in 1997 with market capitalization increasing from $2.67 trillion in 1987 to $10.68 trillion in 1997, according to reports published by such exchanges. Combined average daily share volume for the New York Stock Exchange and American Stock Exchange and NASDAQ have increased from 341 million shares in 1987 to 1.1 billion shares in 1997.

Investment Advisory. Rushmore Advisors attracts funds for management utilizing the broad network of brokers and agents of Rushmore Insurance and Rushmore Securities. Rushmore Advisors also utilizes a network of CPA's and other professionals who actively market fee-based advisory services. Rushmore Advisors markets its services emphasizing its flexible fee structure and its investment track record, which it believes is competitive within the industry. Rushmore Advisors has an information system that provides direct and timely access to the world markets and information systems, as well as, a proprietary investment management reporting system that is in compliance with the performance reporting standards of the Association of Investment Management and Research ("AIMR").

EMPLOYEES

As of September 30, 1997, Rushmore had a total of 151 employees, including 127 in its securities operations, 17 in its insurance services area, 2 in its advisory business, and 5 in its executive offices. A total of 22 are located at the Company's offices in Dallas. All but seven employees are compensated on the basis of commissions and other incentive-based compensation.

The Company is under contract with an additional 1,300 independent agents to market life insurance in 39 states.

None of the Company's employees is represented by a union, and the Company believes that its relationship with its employees and agents is satisfactory.

PROPERTIES

The Company leases 12,305 square feet in two offices at the Dallas Galleria One Office Tower. Certain of the Company's registered representatives maintain facilities comprising 5,190 square feet as branch offices of Rushmore Securities. The Company believes these facilities are adequate to meet its requirements for the foreseeable future, although it may open additional branch offices.

REGULATION

The Company's business is subject to a high degree of regulation. The insurance and securities businesses are two of the most highly regulated industries in the United States, and regulatory pressures can have a direct effect on the Company's operations.

Insurance Regulation. Rushmore Life is subject to comprehensive state insurance regulation by the Division of Insurance of the State of Arizona. Additionally, Rushmore Life will be subject to regulation in any other states in which it conducts business in the future. The powers of the Commissioner of Insurance in Arizona and other states include the granting and revocation of certificates of authority to transact insurance business, review of adequacy of reserves and of guaranty funds and surplus required by statute,

determination of the form and content of required financial statements, approval of policy forms, and review of Rushmore Life's business practices so as to ascertain that certain standards are met. These supervisory agencies periodically examine the business and accounts of insurers and require insurers to file detailed annual convention statements.

Rushmore Life can also be required under the solvency or guaranty laws of the State of Arizona to pay assessments (up to prescribed limits) to fund liabilities of insurance companies that become impaired or insolvent. These assessments may be abated or deferred if they would endanger the ability of Rushmore Life to fulfill its contractual obligations. The amount of any future assessments under these laws cannot reasonably be estimated.

Arizona and substantially all other states regulate members of insurance holding company systems. Under the insurance holding company statute in Arizona, the insurance authorities in such state must approve in advance the direct or indirect acquisition of 10% or more of the voting securities of an insurance company chartered in Arizona. Such statutes also regulate certain transactions among affiliates, including the payment of dividends or service fees by an insurance company to its holding company parent. In states such as Arizona, without the consent of the state's insurance authority, an insurance company may not pay during any year dividends to its holding company parent in excess of the lesser of net gains from operations, which generally represent net income, or 10% of the insurance company's surplus, which generally represents paid in capital and retain earnings.

The Company has entered into an Administrative Services Agreement with Rushmore Life, approved by the Arizona Department of Insurance, that allows the Company to charge a share of its overhead and all direct costs to Rushmore Life.

In the event Rushmore Life should fail to comply with applicable insurance laws and regulations, the Commissioner of Insurance of Arizona is empowered, depending upon the circumstances and the particular provisions in question, to impose fines and/or penalties against Rushmore Life, suspend or revoke Rushmore Life's certificate of authority, to direct supervision of or appoint a conservator for Rushmore Life's property and conduct of its business or to seek such other relief as the circumstances and interest of Rushmore Life policy holders and creditors may require.

Rushmore Agency is subject to regulation as an insurance agency by the Texas Department of Insurance. Such regulations includes the requirement for all agents to pass tests and background checks. Rushmore Agency

is subject to periodic examination and can be fined, censured or even liquidated if it is found to be in violation of applicable standards.

Securities Regulation. Rushmore Securities is subject to regulation by the Securities and Exchange Commission, the NASD, the SIPC, the Texas State Securities Board and the securities exchanges. The NASD and State Securities Board regularly inspect Rushmore Securities' books and records to determine compliance with laws applicable to securities dealers.

Investment Adviser Regulation. Depending on their size, investment advisers are subject to regulation by the Securities and Exchange Commission or state securities regulators. Until Rushmore Advisors has $25 million under management, it will be regulated by the Texas State Securities Board. Such regulation covers testing and background checks on officers and employees of the advisor, review and approval of business methods, compensation structures and advisory agreements, and advertising.

LEGAL PROCEEDINGS

The Company is engaged from time to time in routine litigation incidental to its business. There is no pending litigation likely to have any adverse effect on the Company's business prospects.

MANAGEMENT

The executive officers, directors and key employees of the Company upon completion of the Offering and their respective ages and positions are as follows:

<TABLE>
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NAME	AGE	POSITION(S)	TERM AS DIRECTOR EXPIRES
Dewey M. (Rusty) Moore, Jr.	48	Chairman, President, Chief Executive Officer and Director	1999
Jim W. Clark	45	President of Rushmore Securities, Director and Secretary	2000
Frederick E. (Fritz) Mowery	42	President of Rushmore Advisors and Director	1998
Robert W. Hendren	45	Chief Financial Officer	
Timothy J. Gardiner	42	Director	1999
H. Gary Curry	57	Director	1998
Mark S. Adler	43	Director	2000
James Fehleison(a)	39	Director	1999
Harlan T. Cardwell, III	41	Director	1998
Gayle C. Tinsley(a)	67	Director	2000
KEY EMPLOYEES			
Christine E. Miller	59	Vice President of Administration	
Howard M. Stein	49	Controller	
G. A. Brunott, Jr.	47	President of Rushmore Agency	
Thomas G. Coleman, Jr.	46	Vice President of Rushmore Securities	
Benjamin H. Dean	34	Director of RushMAP	
Richard C. Lee	32	Director of Career Partners Division	

(a) Will become a director and member of Audit Committee and Compensation Committee following the closing of the Offering.

Dewey M. (Rusty) Moore, Jr., is the founder and has been President of the Company since its formation in 1990. Prior to that he was a senior vice president and national sales director of a large insurance and securities marketing organization. Mr. Moore graduated with a bachelor in business administration degree from Southern Methodist University in 1971.

Jim W. Clark has been President of Rushmore Securities since 1991 and Secretary of the Company since 1993. He is a general securities registered principal and financial operations principal and supervises all registered representatives and branch office operations. Mr. Clark is a graduate of Texas Tech University with a bachelor of arts degree.

Frederick E. (Fritz) Mowery has been President of Rushmore Advisors since January 1996. From November 1990 to September 1995, he was a senior portfolio manager with Comerica Bank-Texas, and from September 1995 to January 1996, he was President of Guardian Financial Management. He is a certified financial planner and a graduate of Texas Tech University with a bachelor in business administration degree.

Timothy J. Gardiner has been a director of the Company since April 1997. He has been a regional director of Managed Economics for Doctors, Inc. since 1991, a company engaged in financial planning to members of the medical profession. He holds a bachelor of arts degree from Florida Atlantic University.

H. Gary Curry has been a director of the Company since April 1997 and an officer and director of Rushmore Life since 1989. He has been President of ORBA Financial Management, Inc. since 1982, which is a financial services marketing organization providing product and support services to financial services professionals. He holds a bachelor of science degree from California State University.

Mark S. Adler has been a director of the Company since April 1997 and a director of Rushmore Life since 1996. He has served as President and a co-founder of A&R Associates, Inc., since 1984, a company that markets

insurance and investment services to Public Safety Unions throughout California. Mr. Adler is a 1978 graduate of San Diego State University with a bachelor of arts degree.

Harlan T. (Tra) Cardwell, III has served as a director of the Company since April 1997. He served from 1983 to 1992 as a loan officer for Herring Bank. He is also director of the Company's annuity division since April 1992 and is a certified financial planner. Mr. Cardwell holds a bachelor of science degree

from Texas Tech University and a master of science degree from Southwestern University.

James Fehleison will become a director following the Offering. He is currently the Chief Financial Officer of First Southwest Holdings, Inc., the parent of the Representative of the Underwriters. From 1995 to 1997, he was Chief Financial Officer of the corporate services division of Fidelity Investments. From 1985 to 1995, he was Senior Vice President and Controller of Rauscher Pierce Refsnes, Inc. He is a certified public accountant with a bachelor of business administration degree from Texas Tech University.

Gayle C. Tinsley will become a director following the Offering. He has served as a consultant to small businesses since 1988 in the areas of business and marketing plan development and capital funding. Prior to 1988, he was Vice President of Sales, Marketing and Technical Services of VMX Corporation, and is a former President and Chief Executive Officer of Docutel/Olivetti Corporation. Mr. Tinsley has held management positions with Xerox Corporation, Recognition Equipment, Inc. and IBM Corporation. He is a graduate of East Texas State University with a bachelor of science degree.

Christine E. Miller has served as Vice President of Administration of the Company since February 1992 and has been employed by the Company since its inception.

Robert W. Hendren began serving as Chief Financial Officer in January 1998. Prior to that he served from June 1997 to December 1997 as Chief Financial Officer of United Benefit Managed Care Corp. and from September 1985 to June 1997 as Chief Financial Officer of National Health Corporation. Mr. Hendren is a certified public accountant, a Fellow of the Life Management Institute and holds a bachelor of business administration degree from Oklahoma State University.

Howard M. Stein has served as Controller of the Company since February 1995 and was Chief Financial Officer until January 1998. Prior to joining the Company, from 1987 until 1992 he was a Controller for First Gibraltar Bank and from 1992 to 1994 he was Controller and Chief Financial Officer of FTS Life Insurance Agency, Inc. He is a certified public accountant in the State of Texas and holds a bachelor of business administration degree from the University of Texas.

G.A. (Chip) Brunott, Jr. has served as President of Rushmore Agency since January 1996 and as director of marketing from 1993 to 1996. He has a background in retail sales, small business management and church and ministry organization. He holds a bachelor of arts degree from Washington University and a master of theology degree from Dallas Theological Seminary.

Thomas G. Coleman, Jr. has served as Vice President of Rushmore Securities in charge of its discount brokerage division since February 1994. From 1988 to 1994 he was a registered representative with Ellsworth Investments, Inc. Mr. Coleman is a certified public accountant and holds a bachelor of business administration degree from Southern Methodist University.

Benjamin H. Dean has served as director of RushMAP since July 1996. From November 1992 until May 1996, he was manager of advisory services for 1st Global Capital Corp. Mr. Dean is a certified financial planner. Mr. Dean holds a bachelor of business administration degree from the University of North Texas.

Richard C. Lee has served as director of Rushmore Agency's Career Partners Division since April 1997. Prior to that, he served as President of ASA Promotions from 1989 to 1996, a specialty advertising and promotions firm for the telecommunications industry.

COMMITTEES OF DIRECTORS

Following the completion of the Offering, the Board of Directors will have the following committees:

<TABLE>
<CAPTION>

COMMITTEE	MEMBERS
<S>	<C>
Executive	D. M. Moore, Jr.--Chairman Jim W. Clark F. E. Mowery
Audit	James Fehleison--Chairman Gayle C. Tinsley

Compensation..... Gayle C. Tinsley--Chairman
James Fehleison
</TABLE>

The Executive Committee conducts the normal business operations of the Company except for certain matters reserved to the Board of Directors. The Audit Committee recommends an independent auditor for the Company, consults with such independent auditor and reviews the Company's financial statements. The Compensation Committee recommends to the Board of Directors the compensation of officers and key employees for the Company and the granting of stock options. Messrs. Fehleison and Tinsley are considered to be independent directors for these and other purposes.

COMPENSATION OF DIRECTORS

The Company pays each non-employee director a fee of $2,500 per year, plus a meeting fee of $250 for each Board meeting attended, and automatically grants to each director non-qualified stock options for 2,500 shares of Common Stock per year.

EXECUTIVE COMPENSATION

The following summary compensation table sets forth the total annual compensation paid or accrued by the Company to or for the account of the Chief Executive Officer and each other executive officer of the Company whose total cash compensation for the fiscal year ended December 31, 1996 exceeded $100,000:

SUMMARY COMPENSATION TABLE

<TABLE>
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NAME AND PRINCIPAL POSITION	SALARY ($)	BONUS ($)	OTHER ($)	LONG TERM COMPENSATION AWARDS	SECURITIES UNDERLYING OPTIONS (#)
<S>	<C>	<C>	<C>	<C>	<C>
D. M. Moore, Jr.....	$60,000	--	$114,124(1)	--	23,823

</TABLE>

(1) Constitutes commissions paid for sales of securities and insurance.

The Company has hired Robert W. Hendren to be the Company's Chief Financial Officer beginning in February 1998, at an annual salary of $108,000, and has granted him 10,000 shares of Common Stock at par value and options to purchase 15,000 shares of Common Stock at the price per share in the Offering. The shares and options will vest in installments over five years.

1997 STOCK OPTION PLAN

The Rushmore Financial Group, Inc. 1997 Stock Option Plan (the "1997 Option Plan") provides for the grant to eligible employees and directors of options for the purchase of Common Stock. The 1997 Option Plan covers, in the aggregate, a maximum of 500,000 shares of Common Stock and provides for the granting of both incentive stock options (as defined in Section 422 of the Internal Revenue Code of 1986) and nonqualified stock options (options which do not meet the requirements of Section 422). Under the 1997 Option Plan, the exercise price may not be less than the fair market value of the Common Stock on the date of the grant of the option. As of September 30, 1997, options for 37,000 shares had been granted under the 1997 Option Plan at an exercise price of $1.92 per share, including options for 1,250 shares granted to D. M. Moore, Jr.

The Board of Directors administers and interprets the 1997 Option Plan and is authorized to grant options thereunder to all eligible employees of the Company, including officers. The Board of Directors designates the optionees, the number of shares subject to the options and the terms and conditions of each option. Options under the 1997 Option Plan generally vest over a five year period. Certain changes in control of the Company will cause the options to vest immediately. Each option granted under the 1997 Option Plan must be exercised, if at all, during a period established in the grant which may not exceed 10 years from the later of the date of grant or the date first exercisable. An optionee may not transfer or assign any option granted and may not exercise any options after a specified period subsequent to the termination of the optionee's employment with the Company.

1993 OPTION PLAN

The Rushmore Incentive Stock Option Plan (the "1993 Option Plan") provided for the grant of options to eligible employees, agents and directors to purchase Common Stock. The 1993 Option Plan provided for the grant of both incentive stock options and non-qualified stock options at exercise prices equal to the fair market value of the Common Stock on the date of grant as determined by the Board of Directors.

A total of 250,000 shares of Common Stock were reserved for issuance under the 1993 Option Plan, and Options for 250,000 shares were granted between 1993 and 1997 at prices ranging from $0.20 to $1.50 per share. Of the options granted, 123,426 shares have been exercised, and 126,574 shares remain outstanding and expire between March 1998 and April 2002.

Of the options granted under the 1993 Option Plan, options for 130,833 shares were granted to D. M. Moore, Jr. at exercise prices ranging from $0.20 to $1.50 per share. Mr. Moore holds unexercised options under both plans for a total of 23,823 shares at an aggregate exercise price of $14,498, and the value of his in-the-money options is $116,556, based on an assumed Offering price of $5.50.

STOCK PURCHASE PLAN

The Company has offered shares of Common Stock in private placements each year since 1992 to its employees, agents and representatives at a price based on the net asset value of the shares. The amount offered to each has varied based upon the productivity of the offeree as determined by the Company. A total of 1,602,093 shares have been issued to 545 purchasers under such arrangement. The Company has discontinued this plan and will use stock options to incent its employees and agents.

LIMITATION ON LIABILITY AND INDEMNIFICATION MATTERS

The Company's Articles of Incorporation limit the liability of directors of the Company to the Company or its shareholders to the fullest extent permitted by Texas Business Corporation Act (the "TBCA").

The Company's Bylaws provide that the Company shall indemnify each of its directors and officers to the maximum extent allowed by the TBCA. The TBCA permits such indemnification, so long as such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company. Such indemnification may be made only upon a determination by the Board of Directors that such indemnification is proper in the circumstances because the person to be indemnified has met the applicable standard of conduct to permit indemnification under the law. The Company is also permitted to advance to such persons payment for their expenses incurred in defending a proceeding to which indemnification might apply, provided the recipient provides an undertaking agreeing to repay all such advanced amounts if it is ultimately determined that he is not entitled to be indemnified.

The Company has entered into Indemnification Agreements with each officer and director in which the Company agrees to indemnify such persons to the fullest extent allowed by the TBCA and defines the procedures for paying indemnity costs and expenses, including advance payments thereof.

As of the date hereof, there is no pending litigation or proceeding involving a director, officer, employee or agent of the Company where indemnification will be required or permitted, and the Company is not aware of any threatened litigation or proceeding which may result in a claim for such indemnification.

Insofar as indemnification for liabilities arising from the Act may be permitted to directors, officers, and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

EMPLOYMENT AGREEMENTS

The Company has entered into employment agreements with each of Messrs. Moore and Clark, which provide for an annual salary of $138,000 and $96,000, respectively, which may be adjusted upwards annually. Both employment agreements provide for three year terms. Mr. Moore's agreement renews monthly, and Mr. Clark's renews annually. In addition, each of Messrs. Moore and Clark are entitled to additional compensation from commissions and overrides for accounts serviced by the employee as a broker, and an override commission on

commissions earned by persons introduced by the employee to the Company and its subsidiaries (such annual salary and additional compensation are referred to as the "Combined Compensation").

Each employment agreement also provides that if the employee dies, his estate shall be entitled to receive three years' Combined Compensation either in 36 monthly installments or in cash. In addition, in the event that employee's employment is terminated by the Company except for cause, death or disability, the employee shall be entitled to receive three years' annual salary, plus any additional compensation due to such employee in 36 monthly installments.

CERTAIN TRANSACTIONS

The Company believes that all of the transactions set forth below, which were approved by the full Board of Directors of the Company, which included independent directors, were made on terms no less favorable to the Company than could have been obtained from unaffiliated third parties. All future transactions, including loans, between the Company and its officers, directors, principal shareholders and affiliates, will be approved by a majority of the Board of Directors, including a majority of the independent and disinterested outside directors who will have access at the Company's expense to the Company's or independent legal counsel, and will be on terms no less favorable to the Company than could be obtained from unaffiliated third parties.

D. M. Moore, Jr., the Company's President and Chief Executive Officer, owns 100% of Rushmore Agency, due to provisions of the Texas Insurance Code that prohibit ownership of life insurance agencies by corporations. Pursuant to an Overhead Services Agreement between Mr. Moore and the Company, all activities of the agency are administered by Rushmore, and all revenues and expenses of the agency are passed through to the Company. Mr. Moore has also granted the Company an irrevocable option for the Company to appoint any other qualified person to acquire the capital stock of Rushmore Agency on its behalf.

Mr. Moore is also the 100% owner of a company known as Rushmore Realty Advisors, Inc., which is a licensed real estate agent in Texas ("Rushmore Realty"). Rushmore Realty acted as the real estate agent for Rushmore in negotiating two new office leases during 1997, and received commissions of $27,693 that were paid by the landlord and sublessor.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of the date of this Prospectus (including exercisable options) and as adjusted to reflect the sale of Common Stock being offered by the Company hereby, for (1) each person known by the Company to own beneficially 5% or more of the Common Stock, (2) each director and executive officer of the Company and (3) all directors and executive officers of the Company as a group. Except pursuant to applicable community property laws and except as otherwise indicated, each shareholder identified in the table possesses sole voting and investment power with respect to its or his shares. The addresses of all such persons are in care of the Company.

<TABLE>
<CAPTION>

	BENEFICIAL OWNERSHIP OF COMMON STOCK			
NAME	SHARES	PERCENTAGE PRIOR TO OFFERING	PERCENTAGE AFTER MINIMUM OFFERING	PERCENTAGE AFTER MAXIMUM OFFERING
<S>	<C>	<C>	<C>	<C>
D. M. Moore, Jr.(1).....	535,295	25.1	18.6	15.8
Mark S. Adler(2).....	188,941	8.9	6.6	5.6
H. Gary Curry(2).....	108,557	5.1	3.8	3.1
Jim W. Clark(4).....	86,241	4.1	3.0	2.6
F. E. Mowery(3).....	32,057	1.5	1.1	1.0
Timothy J. Gardiner.....	26,041	1.2	*	*
Harlan T. Cardwell, III.....	11,250	*	*	*
James Fehleison.....	5,000	*	*	*
Gayle C. Tinsley.....	12,000	*	*	*
All executive officers and directors and prospective directors as a group (9 persons).....	1,005,382	47.7	35.2	30.0

</TABLE>
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 * Less than 1%
(1) Includes options to purchase 23,823 shares of Common Stock and 7,629 shares held of record by Mr. Moore's spouse.
(2) Includes options to purchase 1,500 shares of Common Stock.
(3) Includes options to purchase 2,334 shares of Common Stock.
(4) Includes options to purchase 35,833 shares of Common Stock.

All of the foregoing and 24 other shareholders holding a total of 1,505,502 shares have agreed with the Representative that they will not offer their shares for sale without the Representative's consent for a period of 180 days following the completion of the Offering. All of the foregoing persons and certain other persons have agreed pursuant to State Blue Sky requirements to subject certain of their shares to a lock-in agreement until the Company meets certain earnings or other requirements.

DESCRIPTION OF SECURITIES

The following summary of the Company's capital stock is qualified in its entirety by reference to the Company's Articles of Incorporation and its Bylaws, each of which is filed as an exhibit to the Registration Statement of which this Prospectus is a part.

COMMON STOCK

Rushmore has authorized 10,000,000 shares of Common Stock, par value $0.01 per share, of which a maximum of 3,356,664 shares will be outstanding immediately following this Offering. Holders of Common Stock are entitled to receive dividends when, as and if declared by the Board of Directors out of funds legally available therefor. All shares of Common Stock have equal voting rights on the basis of one vote per share on all matters to be voted upon by shareholders. Cumulative voting for the election of directors is not permitted, so that the holders of a majority of shares outstanding have the power to elect the entire Board of Directors. Shares of Rushmore Common Stock have no preemptive, conversion, sinking fund or redemption provisions and are not liable for assessment. Each share of Rushmore Common Stock is entitled to share proportionately in any assets available for distribution upon liquidation of Rushmore.

The Transfer Agent and Registrar for the Company's Common Stock is UMB Bank, N.A.

PREFERRED STOCK

Rushmore has authorized 100,000 shares of preferred stock, par value $10.00 per share, of which two series totaling 18,092 shares will be outstanding immediately following this Offering with a combined liquidation value of $180,920. The Preferred Stock may be issued in series or classes as determined by the Board of Directors from time to time without shareholder approval, although the Directors do not anticipate any additional issuances of preferred stock. The Board of Directors has designated an authorized class of 25,000 preferred shares, called 9% Cumulative Preferred Stock, which was sold at a price of $10.00 per share and an authorized class of 10,000 preferred shares, called Series A Cumulative Preferred Stock, which was sold at a price of $10.00 per share. Both classes of Preferred Stock have the following rights and preferences:

Dividends. The Company pays a 9% quarterly dividend on its par value ($0.225 per share per quarter) each January 15, April 15, July 15, and October 15 of each year. Dividends will be paid if funds are lawfully available, and, if not, will be cumulated and paid on the next dividend date when funds are available, plus interest at the 9% dividend rate. No dividends will be payable on Common Stock if any payment of a preferred stock dividend has been missed.

Voting. Shares of Preferred Stock carry no voting rights.

Liquidation Preference. Holders of Preferred stock are entitled to receive a payment in the amount of $10.00 per share plus any cumulated but unpaid dividends in the event Rushmore is liquidated, before any payment is made by Rushmore to the holders of Rushmore Common Stock with respect to their shares.

Redemption. Rushmore may call the Preferred Stock for redemption any time after April 1, 1992 at a redemption price of $10.00 per share.

Conversion. Shares of 9% Cumulative Preferred Stock are not convertible into any other security of the Company.

Additional Issuances. No further issuances of Preferred Stock of the existing or any new series will be made without the approval of the Audit Committee of the Board of Directors, which is comprised of independent directors. No issuances of any Preferred Stock will be issued to any officer, director or holder of more than 5% of the outstanding Common Stock on any terms different from issuances to other nonaffiliated purchasers.

POSSIBLE ANTI-TAKEOVER PROVISIONS

Special Meetings of Shareholders; Director Nominees. The Company's bylaws and Articles provide that special meetings of shareholders may be called by shareholders only if the holders of at least 66 2/3% of the Common Stock join in such action. The bylaws and Articles also provide that shareholders desiring to nominate a person for election to the Board of Directors must submit their nominations to the Company at least 60 days in advance of the date on which the last annual shareholders' meeting was held, and provide that the number of directors to be elected (within the minimum-maximum range of 3 to 21 set forth in the Articles and bylaws) shall be determined by the Board of Directors or by the holders of at least 66 2/3% of the Common Stock. While these provisions of the Articles and bylaws have been established to provide a more cost-efficient method of calling special meetings of shareholders and a more orderly and complete presentation and consideration of shareholder nominations, they could have the effect of discouraging certain shareholder actions or opposition to candidates selected by the Board of Directors and provide incumbent management a greater opportunity to oppose shareholder nominees or hostile actions by shareholders. The affirmative vote of holders of at least 66 2/3% of the Common Stock is necessary to amend, alter or adopt any provision inconsistent with or repeal any of these provisions.

Removal of Directors. The Articles of the Company provide that directors may be removed from office only for "cause" by the affirmative vote of holders of at least 66 2/3% of the Common Stock. "Cause" means proof beyond the existence of a reasonable doubt that a director has been convicted of a felony, committed gross negligence or willful misconduct resulting in a material detriment to the Company, or committed a material breach of such director's fiduciary duty to the Company resulting in a material detriment to the Company. The inability to remove directors except for "cause" could provide incumbent management with a greater opportunity to oppose hostile actions by shareholders. The affirmative vote of holders of at least 66 2/3% of the Common Stock is necessary to amend, alter or adopt any provision inconsistent with or repeal this provision.

Classification of Directors. The Articles and bylaws divide the Board of directors into three classes, equal or approximately equal in number, serving staggered three year terms. The Board of Directors is presently comprised of seven members (until subsequently changed by the Board of Directors or shareholders in accordance with the procedures described above), with classes having three members each. Two additional directors will take office following the Offering. At each annual meeting of shareholders, directors in the class whose terms are expiring shall be elected for three-year terms to succeed those whose terms expired. The affirmative vote of holders of at least 66 2/3% of the Common Stock is necessary to amend, alter or adopt any provision inconsistent with or repeal this provision.

The provisions regarding classification of directors were established to provide orderly transition and continuity in the membership of the Board of Directors. Such procedures could, however, have the effect of providing incumbent management a greater opportunity to oppose hostile actions by shareholders. Moreover, it requires two annual meetings of shareholders to consider and vote upon reelection or removal of a majority of the members of the Board, rather than at each annual meeting of shareholders. Also, the Company's bylaws provide that directors chosen to fill any vacancy (whether by increase in the number of directors or as a result of resignation, removal or other events) will serve until the next annual meeting at which their Class is up for reelection, rather than the next annual meeting at which any Class is elected.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of the Offering, the Company will have outstanding a maximum of 3,356,664 shares of Common Stock. In addition, the Company has reserved 163,574 shares for issuance upon exercise of options granted under the Company's Stock Option Plans, of which 156,074 are immediately exercisable. Of the 3,356,664 shares to be outstanding after the Offering, the 1,250,000 shares sold to the public hereby will be freely tradeable without restrictions or registration under the Act, except that any shares purchased by

"affiliates" of the Company, as that term is defined in Rule 144 ("Rule 144") under the Act ("Affiliates"), may generally be sold only within the limitations of Rule 144 described below. The remaining 2,106,664 shares were issued and sold by the Company in private transactions in reliance upon exemptions from registration under the Act and are, therefore deemed "restricted securities" under Rule 144, which may not be sold publicly unless the shares are registered under the Act or are sold pursuant to an exemption from registration under Rule 144. Under Rule 144, such restricted securities issued pursuant to Rule 701 under the Act will become eligible for resale 90 days after the date the Company becomes subject to the reporting requirements of the Exchange Act, although 1,505,502 of such shares are subject to the contractual resale restrictions described below. Sales of the restricted securities in the open market, or the availability of such shares for sale, could adversely affect the trading price of the Common Stock.

The Company, the Company's executive officers and directors, and certain shareholders of the Company that own in the aggregate 75.2% of the Common Stock outstanding prior to the Offering have agreed not to offer, sell, contract to sell or otherwise dispose of any shares of Common Stock or any securities exercisable for or convertible into Common Stock for a period of 180 days after the date of this Prospectus without the prior written consent of the Representative.

In general, under Rule 144 as currently in effect, a person (or persons whose shares are aggregated) who has beneficially owned Restricted Shares for at least one year following the later of the date of the acquisition of such shares from the issuer or an affiliate of the issuer would be entitled to sell within any three-month period a number of shares that does not exceed the greater of: (i) 1% of the number of shares of Common Stock then outstanding (approximately 34,387 shares immediately after this Offering) or (ii) the average weekly trading volume of the Common Stock during the four calendar weeks preceding the filing of a Form 144 with respect to such sale. Sales under Rule 144 are also subject to certain manner of sale provisions and notice requirements and the availability of current public information about the Company. Rule 144 generally becomes available 90 days after the issuer has been subject to the information reporting requirements of the Exchange Act. Under Rule 144(k), a person who is not deemed to have been an affiliate of the Company at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years following the later of the date of the acquisition of such shares from the issuer or an affiliate of the issuer, is entitled to sell such shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144.

The Company intends to file registration statements on Form S-8 under the Securities Act covering the offering and sale of the 750,000 shares of Common Stock reserved for issuance under the Stock Option Plans. Accordingly, shares of Common Stock issued upon exercise of options granted under the Stock Option Plan will be available for sale in the open market, unless such shares are subject to certain lock-up agreements. See "Underwriting."

UNDERWRITING

Subject to the terms and conditions of an Underwriting Agreement, the Company has retained the services of First Southwest Company and Rushmore Securities Corporation, a wholly owned subsidiary of the Company (together the "Underwriters"), to offer and sell the Common Stock offered hereby on a "best efforts" basis at the public offering price of $5.50 per share which is contingent upon the sale of 750,000 shares of the Company's Common Stock.

The offering period will extend for a period of 45 days from the date of this Prospectus, unless the Underwriters and the Company agree to extend the offering period for an additional period of 15 days (such periods are collectively referred to as, "the Selling Period"). All proceeds from the sale of the shares of Common Stock will be transmitted promptly to an escrow account at Bank One Investment Management & Trust Group. In the event that 750,000 shares of Common Stock are not sold within the time provided herein, all funds will be promptly returned to subscribers with any interest earned thereon and without any deduction for commissions or expenses. The purchasers will not receive stock certificates until the termination of the Offering. No affiliate or member of management will purchase any shares of Common Stock in the Offering in order to enable the Company to achieve the minimum Offering. During the Selling Period, subscribers will have no right to demand the return of their subscriptions. On behalf of the Company, the Underwriters propose to offer the Common Stock, in part, directly to retail purchasers at the initial public offering price set forth of the cover page of this Prospectus and in part to certain dealers who are members of the National Association of Securities Dealers, Inc. at such price, less a concession not in excess of $

per share. The Underwriters may allow, and such dealers may reallow, a concession not exceeding $ per share to other dealers. The Representative of the Underwriters has advised the Company that the Underwriters do not intend to confirm sales to any accounts over which they exercise discretionary authority.

Contingent upon the sale of 750,000 shares of the Company's Common Stock, the Company will pay the Underwriters a commission of eight percent of the public offering price.

Upon completion of this Offering, the Company will issue to the Representative, for nominal consideration, warrants to purchase 50,000 shares of Common Stock (the "Warrants"). The Warrants will become exercisable one year after completion of this Offering, at an exercise price per share of 110% of the initial price to public set forth on the cover page of this Prospectus and will expire five years from the effective date of this Prospectus. The Warrants contain provisions providing for adjustment of the exercise price and the number and type of securities issuable upon exercise upon the occurrence of any recapitalization, reclassification, stock dividend, stock split, stock combination or similar transaction. The Warrants grant to the holder thereof certain registration rights for the securities issuable upon exercise thereof.

The Company will pay the Representative a non-accountable expense allowance of $75,000. The Representative's expenses in excess of the non-accountable expense allowance, including its legal expenses, will be borne by the Representative.

Rushmore Securities Corporation is a wholly-owned subsidiary of the Company, and D. M. Moore, Jr. is a member of the Board of Directors of both Rushmore Securities Corporation and the Company. Rushmore Securities Corporation will not participate in determining the initial public offering price for the Common Stock. Accordingly, this Offering is being made in compliance with the requirements of Rule 2720(c) of the Conduct Rules of the NASD. This rule provides generally that if more than 10% of the net proceeds from the sale of stock, not including underwriting compensation, is paid to the underwriters of such stock or their affiliates, the initial public offering price of the stock may not be higher than that recommended by a "qualified independent underwriter" meeting certain standards. First Southwest Company is assuming the responsibilities of acting as the qualified independent underwriter in pricing this Offering and conducting due diligence. The initial public offering price of the shares offered hereby is no higher than the price recommended by First Southwest Company. Mr. James Fehleison, Chief Financial Officer of First Southwest Holdings, Inc., the parent corporation of the Representative, will join the Board of Directors of the Company upon completion of the offering.

Until the distribution of Common Stock in this Offering is completed, rules of the Securities and Exchange Commission may limit the ability of the Underwriters and certain selling group members to bid for and purchase

the Common Stock. As an exception to these rules, the Representative is permitted to engage in certain transactions that stabilize the price of the Common Stock. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Common Stock. If the Underwriters create a short position in the Common Stock in connection with this Offering, i.e., if they sell more shares of Common Stock than are set forth on the cover page of this Prospectus, the Representative may reduce the short position by purchasing Common Stock in the open market. The Representative may also impose a penalty bid on certain Underwriters and selling group members. This means that if the Representative purchases shares of Common Stock in the open market to reduce the Underwriters' short position or to stabilize the price of the Common Stock, it may reclaim the amount of the selling concession from the Underwriters and selling group members who sold those shares as part of this offering. In general, purchases of a security for the purposes of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of a security to the extent that it discouraged resales of any security. Neither the Company nor the Representative makes any representation or predictions as to the direction or magnitude of any effect that the transactions described above may have on the price of the Common Stock. In addition, neither the Company nor the Underwriters make any representation that the Representative will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

Prior to this Offering, there has been no public market for the Common Stock of the Company. Consequently, the initial public offering price for the Common Stock will be determined by negotiation between the Company and the

Representative. Among the factors to be considered in such negotiations will be prevailing market conditions, the results of operations of the Company in recent periods, the market capitalizations and stages of development of other companies which the Company and the Representative believe to be comparable to the Company, estimates of the business potential of the Company, the present state of the Company's development and other factors deemed relevant. There can be no assurance, however, that the prices at which the Common Stock will trade in the public market following this Offering will not be lower than the initial offering price.

The Company and all of its current officers and directors and certain of its shareholders have agreed not to offer, sell or otherwise dispose of any shares of Common Stock for a period of 180 days after the date of this Prospectus without the prior written consent of First Southwest Company.

The Company has agreed to indemnify the Underwriters against, and to contribute to losses arising out of, certain civil liabilities and claims of civil liabilities, including liabilities and claims of civil liabilities under the Securities Act.

LEGAL MATTERS

Legal matters in connection with the Common Stock being offered hereby will be passed upon for the Company by Glast, Phillips & Murray, a professional corporation, Dallas, Texas. Certain legal matters will be passed upon for the Underwriters by Thompson & Knight, P.C., Dallas, Texas.

EXPERTS

The financial statements of the Company as of December 31, 1996, and for each of the two years in the period ended December 31, 1996, included in this Prospectus have been audited by Cheshier & Fuller, L.L.P., independent accountants, as set forth in their report therein included, and have been so included in reliance upon such report being given upon their authority as experts in accounting and auditing.

The financial statements of First Financial Life Companies, Inc. as of December 31, 1996 and for each of the two years in the period ended December 31, 1996, included in the Prospectus have been audited by Coopers & Lybrand L.L.P., independent accountants, as set forth in their report therein included, and have been so included in reliance upon such report being given upon the authority as experts in accounting and auditing.

AVAILABLE INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form SB-2, together with all amendments, schedules and exhibits thereto, pursuant to the Securities Act with respect to the securities offered by this Prospectus. This Prospectus does not contain all of the information set forth in the Registration Statement and the Exhibits thereto. The statements contained in this Prospectus as to the contents of any contract or other document identified as exhibits in this Prospectus are not necessarily complete, and in each instance, reference is made to a copy of such contract or document filed as an exhibit to the Registration Statement, each statement being qualified in any and all respects by such reference. For further information with respect to the Company and the securities offered hereby, reference is made to the Registration Statement and exhibits which may be inspected without charge at the Commission's principal office at Judiciary Plaza, 450 Fifth Street, NW, Washington, D.C. 20549.

Upon consummation of this Offering, the Company will become subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith will file reports, proxy statements and other information with the Commission. Such reports, proxy statements and other information can be inspected and copied at the public reference facilities of the Commission at 450 Fifth Street, NW, Washington, D.C. 20549 and at its New York Regional Office, Room 1300, 7 World Trade Center, New York, NY 10048 and at its Chicago Regional Office, Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, IL 60661-2511. Copies of such material may also be obtained from the Public Reference Section of the Commission at prescribed rates. The Company's Registration Statement on Form SB-2 as well as any reports to be filed under the Exchange Act can also be obtained electronically after the Company has filed such documents with the Commission through a variety of databases, including among others, the Commission's Electronic Data Gathering, Analysis and Retrieval ("EDGAR") program, Knight-Ridder Information, Inc., Federal Filings/Dow Jones and Lexis/Nexis. Additionally, the Commission maintains a Website (at

http://www.sec.gov) that contains such information regarding the Company.

The Company intends to furnish its shareholders with annual reports containing audited financial statements and such other reports as the Company deems appropriate or as may be required by law.

Requests for information may be directed to Jim W. Clark, Secretary, c/o Rushmore Financial Group, Inc., 13355 Noel Road, Suite 650, Dallas, Texas 75240, telephone number (972) 450-6000.

INDEX TO FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of Rushmore Financial Group, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheet of Rushmore Financial Group, Inc. and Subsidiaries (formerly Rushmore Capital Corporation) as of December 31, 1996, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years ended December 31, 1996 and 1995. These consolidated financial statements are the responsibility of the Companies' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rushmore Financial Group, Inc. and Subsidiaries as of December 31, 1996, and the results of their operations and their cash flows for the years ended December 31, 1996 and 1995.

Cheshier & Fuller, L.L.P.

Dallas, Texas
October 10, 1997
(November 12, 1997 as to Note 12)

To the Board of Directors and Shareholder of Rushmore Financial Group, Inc. and Subsidiaries

We have reviewed the accompanying balance sheet of Rushmore Financial Group, Inc. as of September 30, 1997 and the related statements of income and changes in shareholder's equity and cash flows for the nine months ended September 30, 1996 and 1997, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Rushmore Financial Group, Inc.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Cheshier & Fuller, L.L.P.

Dallas, Texas
November 25, 1997

RUSHMORE FINANCIAL GROUP INC. AND SUBSIDIARIES

BALANCE SHEETS

<TABLE>
<CAPTION>

	DECEMBER 31, 1996	SEPTEMBER 30, 1997 (UNAUDITED)
<S>	<C>	<C>
ASSETS		
Investments		
Cash and short-term investments	$ 117,738	$ 1,426,363
Amounts on deposit with reinsurer		28,894,316
Total investments	117,738	30,320,679
Deferred policy acquisition costs		4,281,359
Notes, accounts receivable and uncollected premiums	27,459	219,554
Receivable from brokers and dealers	27,255	
Prepaid expenses and advances	17,019	119,126
Equity investment in subsidiary	275,346	
Equipment, net of accumulated depreciation	67,894	108,463
Goodwill		487,387
Other assets and intangibles	10,375	49,272
Net deferred federal income taxes		95,226
Total assets	$ 543,086	$35,681,066
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Future policy benefits	$	$ 88,016
Universal life contract liabilities		33,258,288
Claims payable		217,537
Notes payable	24,024	48,021
Due to affiliated companies	15,220	
Current federal income taxes		36,260
Other liabilities	152,905	628,232
Total liabilities	192,149	34,276,354
Shareholders' Equity		
Preferred stock--9% cumulative preferred stock, $10 par value, 4,300 shares issued and outstanding in 1996 and 1997	43,000	43,000
Preferred stock--Series A cumulative preferred stock, $10 par value, 13,792 shares issued and		

outstanding in 1996 and 1997.....	137,920	137,920
Common stock--$0.01 par value, 10,000,000 shares authorized, 1,419,293 shares issued and outstanding at December 31, 1996; 10,000,000 shares authorized and 2,005,488 issued and outstanding at September 30, 1997.....	14,193	20,055
Common stock subscribed, 17,593 shares at $01.50 per share at December 31, 1996; 22,657 shares at $1.92 per share at September 30, 1997.....	176	227
Additional paid in capital.....	826,547	1,938,434
Retained earnings (deficit).....	(531,246)	(562,579)
Shareholder/affiliate loans		
Common stock subscriptions receivable.....	(26,389)	
Shareholder loans.....	(98,506)	(134,575)
Receivable from affiliates.....	(14,758)	(37,770)
Total shareholders' equity.....	350,937	1,404,712
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY....	$ 543,086	$35,681,066

</TABLE>

The accompanying notes are an integral part of these financial statements.

RUSHMORE FINANCIAL GROUP, INC. AND SUBSIDIARIES

STATEMENTS OF INCOME

<TABLE>
<CAPTION>

	FOR THE YEARS ENDED DECEMBER 31,		FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	1995	1996	1996	1997
			(UNAUDITED)	(UNAUDITED)
<S>	<C>	<C>	<C>	<C>
Revenue				
Revenue from Insurance Services				
Insurance policy income....				2,092,002
Net investment income.....				1,050,052
Agent management fee.....	151,565	346,968	285,897	73,552
Revenue from Investment Services				
Commissions and fees.....	856,996	1,493,908	985,985	1,620,543
Asset management.....		28,705	13,376	103,292
Other.....	11,101	15,911	11,307	41,543
Total revenues.....	1,019,662	1,885,492	1,296,565	4,980,984
Expenses				
Insurance Services Expenses				
Other insurance services expenses.....				697,655
Policyholder benefits.....				1,128,230
Amortization of deferred policy acquisition costs..				1,041,328
Equity in subsidiary loss..	33,184	12,893	32,258	
Investment services expenses				
Commission expense.....	713,308	1,241,476	847,816	1,425,141
Other investment services expenses.....	74,058	83,803	17,039	60,127
General and administrative...	430,551	663,172	511,856	629,514
Total expenses.....	1,251,101	2,001,344	1,408,969	4,981,995
Operating income (loss).....	(231,439)	(115,852)	(112,404)	(1,011)
Interest expense.....	2,989	4,535	3,521	4,163
Income (loss) from continuing operations.....	(234,428)	(120,387)	(115,925)	(5,174)
Discontinued operations (net).....	24,207	(50,504)	(33,437)	(25,992)
Income before income taxes.....	(210,221)	(170,891)	(149,362)	(31,166)
Provision for income taxes...				167

Net income (loss).....	$ (210,221)	$ (170,891)	$ (149,362)	$ (31,333)
Net income (loss) applicable to common shareholders (Note 8)..	$ (216,065)	$ (180,778)	$ (155,178)	$ (43,545)
Net income (loss) per share of common stock after dividends on Preferred Stock (Note 8)...	(.18)	(.13)	(.11)	(.03)
Weighted average common shares outstanding.....	1,198,256	1,376,777	1,365,938	1,737,588

</TABLE>

The accompanying notes are an integral part of these financial statements.

RUSHMORE FINANCIAL GROUP, INC. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

<TABLE>
<CAPTION>

	PREFERRED STOCK	COMMON STOCK	COMMON STOCK SUBSCRIBED	ADDITIONAL PAID IN CAPITAL	RETAINED EARNINGS (DEFICIT)	SHAREHOLDER/ AFFILIATE LOANS	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1994.....	$ 62,740	$10,372	$-0-	$468,631	$(150,134)	$ (9,671)	$ 381,938
Preferred stock issued, 318 shares.....	3,180						3,180
Common stock issued, 287,300 shares.....		2,873		253,159			256,032
Preferred stock dividends paid.....				(5,844)			(5,844)
Common stock dividends paid.....				(40,958)			(40,958)
Loan and advances to officers/shareholders..						(36,531)	(36,531)
Net loss.....					(210,221)		(210,221)
Balance, December 31, 1995.....	65,920	13,245		674,988	(360,355)	(46,202)	347,596
Preferred stock issued, 11,500 shares.....	115,000						115,000
Common stock issued, 94,776 shares.....		948		135,232			136,180
Common stock subscribed, 17,593 shares.....			176	26,214			26,390
Preferred stock dividends paid.....				(9,887)			(9,887)
Stock subscriptions receivable.....						(26,389)	(26,389)
Loans and advances to officers/shareholders..						(52,304)	(52,304)
Receivable from affiliates.....						(14,758)	(14,758)
Net (loss).....					(170,891)		(170,891)
Balance, December 31, 1996.....	$180,920	$14,193	$176	$826,547	$(531,246)	$(139,653)	$ 350,937

</TABLE>

The accompanying notes are an integral part of these financial statements.

RUSHMORE FINANCIAL GROUP, INC. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996 AND 1997

(UNAUDITED)

<TABLE>
<CAPTION>

	PREFERRED STOCK	COMMON STOCK	COMMON STOCK SUBSCRIBED	ADDITIONAL PAID IN CAPITAL	RETAINED EARNINGS (DEFICIT)	SHAREHOLDER/ AFFILIATE LOANS	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1995	$ 65,920	$13,245	$	$ 674,988	$(360,355)	$ (46,202)	$ 347,596
Preferred stock issued, 11,500 shares	115,000						115,000
Common stock issued, 79,266 shares		793		99,571			100,364
Common stock subscribed, 500 shares			5	745			750
Preferred dividends paid				(5,816)			(5,816)
Loans and advances						(14,785)	(14,785)
Receivable from affiliate						(138,804)	(138,804)
Net income (loss)					(149,362)		(149,362)
Balance, September 30, 1996	$180,920	$14,038	$ 5	$ 769,488	$(509,717)	$(199,791)	$ 254,943
Balance, December 31, 1996	$180,920	$14,193	$ 176	$ 826,547	$(531,246)	$(139,653)	$ 350,937
Common stock issued, 586,195 shares		5,862		1,107,038			1,112,900
Common stock subscribed, 22,657 shares			227	43,275			43,502
Reclass subscribed shares			(176)	(26,214)			(26,390)
Preferred dividends paid				(12,212)			(12,212)
Subscriptions receivable						26,389	26,389
Loans and advances						(36,069)	(36,069)
Receivable from affiliate						(23,012)	(23,012)
Net income (loss)					(31,333)		(31,333)
Balance, September 30, 1997	$180,920	$20,055	$ 227	$1,938,434	$(562,579)	$(172,345)	$1,404,712

</TABLE>

The accompanying notes are an integral part of these financial statements.

RUSHMORE FINANCIAL GROUP, INC. AND SUBSIDIARIES

STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

	FOR THE YEARS ENDED DECEMBER 31,		FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	1995	1996	1996	1997
			(UNAUDITED)	(UNAUDITED)
<S>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES				
Net (loss)	$(210,221)	$(170,891)	$ (149,362)	$ (31,333)
Adjustments to reconcile net (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	10,491	13,859	10,455	19,552
Loss from equity investment	33,184	12,893	32,258	
Dividends from equity investment	29,982			
CHANGE IN ASSETS AND				

LIABILITIES NET OF EFFECTS FROM PURCHASE OF RUSHMORE LIFE:				
(Increase) decrease in assets:				
Deposits	(311)	(10,332)	(9,695)	(21,815)
Commissions and fees receivable	(1,738)	(28,262)		
Prepaid expenses	(18,655)	9,730	6,776	(2,381)
Other assets	818	(2,890)	(40,657)	(257,675)
Deferred policy acquisition costs				776,335
Deposits with reinsurer				(532,685)
Uncollected premiums				(99,575)
Increase (decrease) in liabilities:				
Accounts payable	(22,680)	23,481	109,062	138,776
Accrued liabilities	23,502	72,854	27,568	880
Future policy benefits				3,928
Universal Life liabilities				118,607
Claims payable				5,188
Income tax liability				3,453
Deferred revenues	(4,600)			13,054
Net cash flows provided (used) by operating activities	(160,228)	(79,558)	(13,595)	134,309
CASH FLOWS FROM INVESTING ACTIVITIES				
Loans to officers and affiliate	(12,396)	(55,754)	(153,589)	(59,081)
Purchase of equipment	(20,302)	(26,749)	(25,438)	(50,373)
Purchase of remaining interest in equity investment				(119,353)
Cash acquired in acquisition of Rushmore Life	--	--	--	1,329,149
Increase in equity investment	(44,050)			
Net cash flows provided (used) by investing activities	(76,748)	(82,503)	(179,027)	1,100,342
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from sale of Common Stock	249,002	136,180	101,114	62,188
Proceeds from sale of Preferred Stock	3,180	115,000	115,000	
Proceeds from sale of Treasury Stock	7,031			
Preferred Stock dividends paid	(5,844)	(9,887)	(5,816)	(12,212)
Common Stock dividends paid	(40,958)			
Borrowings under term loans	18,119	20,000	20,000	25,000
Payments on term loans		(29,008)	(27,966)	(1,002)
Net cash flows provided (used) by financing activities	230,530	232,285	202,332	73,974
Change in cash balances	(6,446)	70,224	9,710	1,308,625
Cash at beginning of year	53,960	47,514	47,514	117,738
Cash at end of year	$ 47,514	$ 117,738	$ 57,224	$ 1,426,363
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash paid for interest	$ 2,989	$ 4,503	$ 3,521	$ 4,163
Cash paid for income taxes	$ --	$ --	$ --	$ --

</TABLE>

Non-cash supplementary disclosure of investing activities:

The Company acquired the remaining 74.6% of Rushmore Life on April 8, 1997 for 508,144 shares of common stock, cash of $119,353 and a payable of $18,547.

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1--THE COMPANIES

Rushmore Financial Group, Inc. and Subsidiaries (the "Company"), was incorporated as Dominion Associates Corporation in September 1990, and in 1991 it began doing business as an independent marketing company. The Company has since evolved as a holding company of the financial services companies described below, which offer insurance and investment products to clients through a network of agents and representatives.

Rushmore Securities Corporation ("Rushmore Securities"), a wholly owned subsidiary of the Company, was incorporated in July 1980 as Ken Davis Securities, Inc. Rushmore Securities is registered under federal and state securities laws as a broker-dealer and is a member of the National Association of Securities Dealers ("NASD"). Licensed registered representatives offer clients a variety of investments, including stocks, bonds, mutual funds, variable annuities and public and private limited partnerships. Rushmore Securities is a "fully disclosed introducing broker-dealer", which means that it does not hold any customer funds or securities or have a seat on any stock exchange. It "clears" its securities trades through Southwest Securities, Inc. and First Southwest Company, which hold customer funds and securities and execute trades for such transactions. The clearing broker-dealers receive a portion of the gross commissions as compensation for handling such transactions.

Rushmore Financial Corporation ("RFC") was organized in 1993 as a wholly owned subsidiary. The primary business of RFC was offering consumer lending services, including first mortgage loans, real estate loans, private mortgage acquisitions and other services through its national marketing agreements with a number of national lenders. The business of this subsidiary was discontinued in March 1997 and its net results of operations are set forth in "loss from discontinued operations".

Rushmore Investment Advisors, Inc. ("Rushmore Advisors"), was organized in 1996 as a wholly owned subsidiary. The business of Rushmore Advisors is to provide fee-based investment advice and funds management to customers of the Company. Rushmore Advisors is registered as an investment adviser with the Securities and Exchange Commission and the Texas Securities Board. Rushmore Advisors offers both discretionary and nondiscretionary management of customer accounts, but does not hold custody of customer funds.

Rushmore Insurance Services, Incorporated ("Rushmore Agency") is an insurance agency and an affiliate of the Company by means of service agreements. The agency offers life, health, and disability insurance and annuities through a network of agents. Rushmore Agency is 100% owned by D.M. "Rusty" Moore, Jr. The Company and Mr. Moore have entered into an administrative services agreement whereby net revenues and expenses are charged via a management fee to Rushmore Agency by the Company as allowed by regulatory requirements.

NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation Policy

The accompanying consolidated financial statements include the accounts of Rushmore Financial Group, Inc. and its subsidiaries, Rushmore Securities, RFC, Rushmore Advisors and Rushmore Life in 1997. All significant intercompany transactions have been eliminated in consolidation.

Accounting Method

The Company uses the accrual method of accounting. All income is recorded when earned, and all expenses are recorded when incurred. Securities transactions and related commission revenue and expense are recorded on a trade date basis.

Equity Investment

As of December 31, 1996, the Company owned approximately 25% of the outstanding common stock of First Financial Life Companies, Inc. ("FFLC"). FFLC owned 100% of the common stock of First Financial Life Insurance Company, an Arizona based domestic life and disability reinsurance company. The investment in Rushmore Life prior to 1997 is accounted for using the equity method and the Company's proportional share of any intercompany profits or losses are eliminated.

Subsequent to December 31, 1996, the Company acquired the remainder of FFLC by merger and as of September 30, 1997, the Company was the owner of 100% of FFLIC. Also subsequent to December 31, 1996, the name of FFLIC was changed to Rushmore Life.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided on the accelerated method over the estimated useful lives of the assets ranging from 5 to 40 years. Expenditures for maintenance and repairs are charged against income in the year in which they are incurred, and betterments are capitalized. When depreciable assets are sold or disposed of, the cost and accumulated depreciation accounts are reduced by the applicable amounts, and any profit or loss is credited or charged to income.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of accounting for equity investments for financial and income tax reporting. Deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Use of Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures. Accordingly, the actual amounts could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

Summary of Noncash Investing and Financing Activities

As of December 31, 1996, the Company had $26,389 of stock subscription receivable representing 17,593 shares of common stock.

NOTE 3--NET CAPITAL REQUIREMENTS

Pursuant to the net capital provisions of Rule 15c3-1 under the Securities Exchange Act of 1934, Rushmore Securities is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis.

At December 31, 1996, Rushmore Securities had net capital of approximately $42,494 and net capital requirements of $5,585. Rushmore Securities' ratio of aggregate indebtedness to net capital was 1.97 to 1. The Securities and Exchange Commission permits a ratio of no greater than 15 to 1.

NOTE 4--CONCENTRATION RISK

At December 31, 1996, and at various other times throughout 1996, the Company had cash balances in excess of federally insured limits. Cash accounts in banks are insured by the FDIC for up to $100,000. The amount exceeding the insured limit was approximately $8,000 at December 31, 1996 and $96,436 at September 30, 1997.

NOTE 5--RELATED PARTY TRANSACTIONS

Management fees of $274,234 and $101,565 during the years ended December 31, 1996 and 1995, respectively, were charged to Rushmore Agency by the Company for certain general and administrative services. At December 31, 1996, the Company had $14,758 receivable from Rushmore Agency and $15,220 payable to a corporation owned by Mr. Moore.

Notes receivable due from officers/shareholders total approximately $39,403 and bear interest of 9%. The notes are payable in 12 monthly principal and interest installments starting August 1997.

NOTE 6--EQUIPMENT

The principal categories of equipment are summarized as follows:

<TABLE>

<S>	<C>
Computer equipment and software	$ 49,425
Office furniture and fixtures	47,682
Leasehold improvements	5,229
Total costs	102,336
Less accumulated depreciation	34,442
	$ 67,894

Depreciation included in the determination of net income amounted to $12,586 and $8,545 in 1996 and 1995, respectively.

NOTE 7--NOTES PAYABLE

Long term debt consists of the following:

Term notes payable to financial institutions in monthly principal and interest installments ranging from $500 to $777 bearing interest between 9% to 10.25% and maturing at various dates through April 1998. The notes are secured by certain furniture and equipment and personal guarantee of D.M. Moore, Jr.	$ 24,024

</TABLE>

NOTE 8--PREFERRED STOCK

The Company has authorized 100,000 shares of preferred stock, par value $10 per share, which may be issued in series or classes as determined by the Board of Directors from time to time. There are two classes of Preferred Stock now outstanding totaling 18,092 shares or $180,920. The Board of Directors has designated an authorized class of 25,000 preferred shares, called 9% Cumulative Preferred Stock, which was sold at a price of $10 per share and an authorized class of 13,792 preferred shares, called Series A Cumulative Preferred Stock which was offered at a price of $10 per share. Preferred Stock has the following rights and preferences:

Dividends. The Company will declare and pay a 9% quarterly dividend on its par value each year. Dividends will be paid if funds are lawfully available, and, if not, will be accumulated and paid on the next dividend date if funds are available, plus interest at the 9% dividend rate. No dividends will be payable on Common Stock if any payment of a Preferred Stock dividend has been missed.

Cumulative Preferred Stock dividends are $5,844 and $9,887 for the years ended December 31, 1995 and 1996, respectively, and $5,816 and $12,212 for the nine months ended September 30, 1996 and 1997, respectively.

Voting. Shares of Preferred Stock carry no voting rights except as are provided by law, including the right to vote as a class to approve certain corporate transactions, such as charter amendments and mergers.

Liquidation Preference. Holders of Preferred Stock are entitled to receive a payment in the amount of $10 per share plus any accumulated but unpaid dividends in the event the Company is liquidated, before any payment is made by the Company to the holders of Common Stock with respect to their shares.

Conversion. Shares of Preferred Stock are not convertible into any other security of the Company.

Sinking Fund. The 9% Cumulative Preferred Stock calls for the creation of a sinking fund for the purpose of redeeming these outstanding shares. Shareholders of 9% Cumulative Preferred have entered into an oral agreement with the Company to waive this requirement.

NOTE 9--COMMITMENTS AND CONTINGENCIES

Incentive Stock Option Plan

The Company has an Incentive Stock Option Plan available to certain key employees and agents. The Company has authorized a maximum of 250,000 shares to be purchased under this plan. Options for a total of 232,500 shares were granted under the plan as of December 31, 1996 and 250,000 shares as of September 30, 1997. At December 31, 1996 there were 109,073 shares remaining under option which were exercisable at prices ranging from $.20 to $1.50 per share through March 1, 2001. During 1996, no options were exercised.

The Company also has a 1997 Stock Option Plan (the "1997 Option Plan") which provides for the grant to eligible employees and directors of options for the purchase of Common Stock. The 1997 Option Plan covers, in the aggregate, a maximum of 500,000 shares of Common Stock and provides for the granting of both incentive stock options (as defined in Section 422 of the Internal Revenue Code of 1986) and non qualified stock options (options which do not meet the requirements of Section 422). Under the 1997 Option Plan, the exercise price may not be less than the fair market value of the Common Stock on the date of the grant of the option. As of September 30, 1997, options for 37,000 shares had been granted under the 1997 Option Plan at an exercise price of $1.92 per share, including options for 1,250 shares granted to D.M. Moore, Jr.

Shareholders' Agreement

All holders of common stock have entered into an agreement that restricts the transfer of stock and grants the Company the option to repurchase the stock subject to certain events as specified in the agreement.

Leases

The Company leases its offices, furniture and equipment under operating leases which expire at various dates through 1999. Future minimum lease payments are as follows:

<TABLE>
<CAPTION>

YEAR ENDING DECEMBER 31,	
<S>	<C>
1997	$ 131,471
1998	278,938
1999	278,938
2000	266,962
Thereafter	190,648
	$1,146,957

</TABLE>

Rent expense for the year totaled approximately $63,215 and $46,704 in 1996 and 1995, respectively, and is included in general and administrative expense.

NOTE 10--INCOME TAXES

The provision for income taxes for the year ended December 31, 1996 consists of the following:

<TABLE>

<S>	<C>
Current	$ --
Deferred expense (benefit)	(52,948)

Change in valuation allowance	52,948
	$ --

</TABLE>

The Company has net operating losses of $491,811 that may be used to offset future taxable income. These loss carryforwards expire at various dates through 2011. No tax benefit has been reported in the financial statements. The Company has recorded a valuation allowance to offset any deferred tax benefits arising from net operating losses or temporary differences.

NOTE 11--EQUITY INVESTMENT

The following is summarized, audited financial information of FFLC.

FIRST FINANCIAL LIFE COMPANIES, INC.
BALANCE SHEET
DECEMBER 31, 1996

<TABLE>

<S>	<C>
ASSETS	
Cash	$ 1,395,904
Amounts on deposit with reinsurer	28,095,288
Deferred policy acquisition costs	5,445,861
Other assets	330,598
Total Assets	$35,267,651
LIABILITIES AND SHAREHOLDERS' EQUITY	
Universal life liabilities	$33,436,198
Future policy benefits and claims payable	319,227
Federal taxes payable	41,439
Other liabilities	367,637
Total Liabilities	34,164,501
Common stock	9,150
Additional paid in capital	1,510,817
Treasury stock	(471,827)
Retained earnings (deficit)	55,010
Total Shareholders' Equity	1,103,150
Total Liabilities and Shareholders' Equity	$35,267,651

</TABLE>

FIRST FINANCIAL LIFE COMPANIES, INC.

STATEMENT OF INCOME

FOR THE YEARS ENDED DECEMBER 31,

<TABLE>
<CAPTION>

	1995	1996
<S>	<C>	<C>
Premium income	$(1,982,942)	$(1,739,444)
Universal life and investment product charges	6,137,304	5,152,770
Net investment income	1,776,869	1,883,151
Other income	67,372	43,175
Total revenues	5,998,603	5,339,652
Policy holder benefits on traditional products	(93,908)	67,762
Universal life and investment products benefits	2,437,758	2,433,794
Amortization of deferred policy acquisition costs	2,367,101	1,689,914
Other operating expenses	1,482,975	1,352,905

Total expenses	6,193,926	5,544,375
Operating loss before income taxes	(195,323)	(204,723)
Income tax expense (benefit)	(144,463)	(73,819)
Net (loss)	$ (50,860)	$ (130,904)

</TABLE>

The Company purchased stock in FFLC at various dates through April 1995 at a cost of $329,219. The remaining balance of the Company's investment $275,346 is composed of the Company's pro rata share of income and losses and any dividends received.

NOTE 12--SUBSEQUENT EVENTS

Name Change

On November 12, 1997 FFLIC's name was changed to Rushmore Life Insurance Company.

Disposal of Subsidiary

On March 3, 1997 the Company sold RFC for $10. Management does not expect this event to have a material adverse effect on the financial position or results of operations of the Company.

Authorized Shares

On April 5, 1997 the shareholders of the Company voted to amend the Articles of Incorporation to increase the authorized shares of common stock from 4,000,000 to 20,000,000. On October 17, 1997 the Articles of Incorporation were amended to decrease the number of authorized shares to 10,000,000 shares and the outstanding shares were split 1 for 2. All shares presented in these financial statements and earnings per share calculations are retroactively stated to reflect the capital structure changes through October 17, 1997.

Acquisition

On April 8, 1997 the Company acquired the remaining 74.6% of Rushmore Life (formerly FFLC) in exchange for the Company's stock at a ratio of 3.04 shares of Company stock for every 1 share of Rushmore Life stock. This acquisition has been accounted for as a purchase. The following additional notes serve to describe the operation of Rushmore Life that is reflected in the financial statements at September 30, 1997 and the nine months ended September 30, 1997.

a. Summary of Significant Accounting Policies:

. Basis of Presentation: Rushmore Life maintains its accounts in conformity with accounting practices prescribed or permitted by state insurance regulatory authorities. In the accompanying financial statements, such accounts have been adjusted to conform with generally accepted accounting principles.

. Investments: Short-term investments, which consist of U.S. Treasury bills, purchased with maturities of less than three months, are reflected at amortized cost, which approximates estimated fair value. All short-term investments are considered to be cash equivalents.

The Company has adopted Statement of Financial Accounting Standards No. 115, which prescribes accounting for certain debt and equity securities.

. Deferred Policy Acquisition Costs: Costs which vary with and which are directly related to the acquisition of new business have been deferred to the extent that such costs are deemed recoverable through future revenues. These costs primarily include commissions and allowances. For universal life, such costs are amortized generally in proportion to the present value (principally using the assumed credit rate) of expected gross profits. This amortization is adjusted retrospectively when the insurance subsidiary revises its estimates of current or future gross profits to be realized from a group of policies. For traditional products, such costs are amortized with interest over the premium-paying

period in proportion to the ratio of anticipated annual premium revenue to the anticipated total premium revenue. Anticipated investment income is considered in the determination of recoverability of deferred policy acquisition costs.

. Future Policy Benefits: The liability for future policy benefits of long-term duration contracts has been computed by the net level premium method based on estimated future investment yield, mortality, morbidity, and withdrawal experience. Reserve interest assumptions are based on amounts guaranteed in the Modified Coinsurance Treaty. Mortality, morbidity, and withdrawal assumptions reflect the experience of the life insurance subsidiary modified as necessary to reflect anticipated trends and to include provisions for possible unfavorable deviations. The assumptions vary by plan, year of issue, and duration.

. Universal Life Contract Liabilities: With respect to universal life contracts, the insurance subsidiary utilizes the retrospective deposit accounting method. Contract liabilities include the accumulated fund balances of such policies and represent the premiums received plus accumulated interest, less mortality and administration charges.

Contract liabilities also include the unearned revenue reserve which reflects the unamortized balance of the excess of first year administration charges over renewal period administration charges on universal life products. These excess charges have been deferred and are being recognized in income over the period benefited using the same assumptions and factors used to amortize deferred policy acquisition costs.

. Recognition of Premium Revenue and Related Expenses: Traditional life insurance premiums are recognized as revenue over the premium-paying period. Future policy benefits and policy acquisition costs are associated with the premiums as earned by means of the provision of future policy benefits and amortization of deferred policy acquisition costs.

Revenues for universal life products consist of policy charges for the cost of insurance, policy administration charges, amortization of policy initiation fees and surrender charges assessed against policyholder account balances during the period. Expenses related to these products include interest credited to policy holder account balances and benefit claims incurred in excess of policyholder account balances.

. Policy and Contract Claims: Policy and contract claims include provisions for reported claims in process of settlement, valued in accordance with the terms of the related policies and contracts.

. Reinsurance: In the normal course of business, the Company seeks to limit its exposure to loss on any single insured and to recover a portion of the benefits paid over such limits. This is done by ceding reinsurance to other insurance enterprises or reinsurers under excess coverage and coinsurance contracts.

The Company reports assets and liabilities related to insurance contracts before the effects of reinsurance. Reinsurance receivables and prepaid reinsurance premiums (including amounts related to insurance liabilities) are reported as assets. Estimated reinsurance receivables are recognized in a manner consistent with the liabilities related to the underlying reinsured contracts.

. Income Taxes: Income tax expense (benefit) includes deferred income taxes arising from temporary differences between the tax and financial reporting basis of assets and liabilities. This liability method of accounting for income taxes also requires the Company to reflect in income the effect of a tax-rate change on accumulated deferred income taxes in the period in which the change is enacted.

In assessing the realization of deferred income tax assets, the Company considers whether it is more likely than not that the deferred income tax assets will be realized. The Company has recorded a valuation allowance to offset any deferred tax benefits arising from net operating losses or temporary differences.

. Goodwill: Goodwill was recorded on the purchase of Rushmore Life and is being amortized over 30 years.

b. Significant Reinsurance Treaty:

Substantially all of the Company's consolidated business activity is the result of modified coinsurance treaties entered into with Massachusetts General Life Insurance Company (MGL), a subsidiary of Life Partners Group, Inc. (LPG) and Southwestern Life Insurance Company (SWL), a subsidiary of Southwestern Life Corporation (SLC). Under the terms of the agreements, Rushmore Life assumes a quota share risk on all policies which are issued by MGL and SWL as a result of applications submitted by agents affiliated with First Financial Marketing Group. The quota share percentage falls between 33 1/3% and 50% of on all business submitted. Because the treaties are on the basis of modified coinsurance, MGL and SWL establish 100% of the reserves required to be held by the various state insurance regulatory authorities. Rushmore Life, in turn, deposits with MGL and SWL an amount equal to its quota share of the reserves. MGL and SWL pay Rushmore Life interest on the deposits at the investment rate assumed in the pricing of each product. These deposits are included in the amounts on deposit with reinsurer account balance in the financial statements. Although Rushmore Life is credited with interest based on the reserve deposits, the legal owners of the assets are MGL and SWL, not Rushmore Life. The universal life contract liabilities recorded on the consolidated balance sheet at September 30, 1997 also include amounts that have been assessed to compensate the Company for services to be performed in the future. Such amounts are not earned in the period assessed. Such unearned revenue amounts are recognized in income over the period benefited using the same assumptions and factors used to amortize deferred acquisition costs. Amounts that are assessed against the policyholder balance as consideration for origination of the contract, often referred to as initiation or front-end fees, are unearned revenues.

For the nine months ended September 30, 1997 the Company assumed premiums of approximately $5,321,000 and paid approximately $1,362,000 in retroceded premiums.

The Company paid approximately $1,038,000 in death benefits for the nine months ended September 30, 1997 net of ceded benefits of approximately $516,000.

MGL, Wabash Life Insurance Company (MGL's parent), SWL and Facilities Management Installation (FMI) provide all necessary functions to fully process, administer, and account for the insurance business of Rushmore Life. For the nine months ended Rushmore Life paid these companies for such services and policy maintenance as follows:

<TABLE>
<S> <C>
Wabash fees..... $154,802
FMI fees..... $ 15,531
MGL & SWL policy maintenance fees..... $228,699
</TABLE>

c. Stockholders' Equity and Restrictions:

At September 30, 1997 substantially all the net assets of Rushmore Life cannot be transferred to the Company in the form of dividends, loans or advances. Generally, the net assets of Rushmore Life available for transfer to the Company are limited to the lesser of the Rushmore Life's net gain from operations during the preceding year or 10% of the Rushmore Life's net surplus as of the end of the preceding year as determined in accordance with accounting practices prescribed or permitted by regulatory authorities. Payment of dividends in excess of such amounts would generally require approval by regulatory authorities.

Rushmore Life is domiciled in the state of Arizona, which is also the only state in which it is licensed to conduct business. On the basis of reporting as prescribed or permitted by the Arizona Department of Insurance, Rushmore Life had statutory capital and surplus of approximately $1,259,806 as of September 30, 1997 and net earnings of $192,273 for the nine months ended September 30, 1997. Rushmore Life maintains at least $250,000 of statutory capital and surplus in order to retain $25,000 of

risk on any one issued. Arizona law prohibits an Arizona reinsurer from retaining insurance risk on any one insured in excess of 10% of its capital and surplus

d. Commitments, Litigation and Contingent Liabilities:

The Internal Revenue Service (IRS) has not examined any of the federal income tax returns of Rushmore Life.

Rushmore Life has set its retention limit for acceptance of risk on life insurance policies at $25,000. Risk in excess of the $25,000 limit is reinsured back to MGL and SWL pursuant to certain reinsurance agreements. Rushmore Life pays MGL and SWL to reinsure the excess risk according to mortality schedules which are contained in the reinsurance agreements. Rushmore Life paid MGL and SWL approximately $1,278,298 reinsurance costs for the nine months ended September 30, 1997. MGL has ceded to Rushmore Life Company approximately $931,785,917 of insurance in force as of September 30, 1997. Pursuant to the reinsurance agreements with MGL Rushmore Life has in turn retroceded approximately $527,319,443 of insurance in force to MGL, retaining risk equal to the difference.

SWL has ceded to Rushmore Life approximately $46,693,000 of insurance in force as of September 30, 1997. Pursuant to the reinsurance agreement with SWL, Rushmore Life has in turn retroceded approximately $31,028,752 of insurance in force to SWL, retaining risk equal to the difference.

The Company is not aware of any lawsuits or claims which are pending against it. However, during 1995, MGL settled a class action lawsuit filed on behalf of policyholders of certain policies held on or after April 1, 1992 and on or before June 30, 1994. The settlement consisted of the return of excess mortality charges incurred due to MGL's decision to pass on a portion of the DAC tax and the repayment of certain surrender charges collected as a result of the termination of the above policies because of the increased mortality charges.

e. Other Operating Statement Data:

Changes in deferred acquisition costs were as follows:

<TABLE>
<CAPTION>

	1997
<S>	<C>
Balance, April 1, 1997	$5,057,695
Additions	264,992
Amortization related to operations	(1,041,328)
Balance, end of year	$4,281,359

</TABLE>

f. Federal Income Taxes:

Deferred federal income taxes were comprised of the following at September 30, 1997:

<TABLE>

<S>	<C>
Deferred federal income tax assets:	
Life reserves	$12,199,842
Accrued expenses	113,976
Alternative minimum tax credit carryforward	69,344
Total deferred income tax assets	12,383,162
Deferred income tax liabilities:	
Funds on deposit	(9,824,067)
Deferred acquisition costs	(2,461,411)
Other	(2,458)
Total deferred income tax liabilities	(12,287,936)

Net deferred federal income tax asset	$ 95,226

</TABLE>

The difference between the federal income tax (benefit)computed by applying statutory rates to income (loss) before income taxes and income tax expense (benefit) as reported is primarily due to the small life insurance company deduction, deferred acquisition costs, life policy benefit reserves, and alternative minimum tax.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders Rushmore Financial Group, Inc.

We have audited the accompanying consolidated balance sheet of First Financial Life Companies, Inc. and Subsidiary as of December 31, 1996, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the two years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of First Financial Life Companies, Inc. and Subsidiary as of December 31, 1996, and the consolidated results of their operations and their cash flows for each of the two years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

Coopers & Lybrand L.L.P.

Indianapolis, Indiana
November 20, 1997

FIRST FINANCIAL LIFE COMPANIES, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 1996

<TABLE>

<S>	<C>
ASSETS	
Investments:	
Cash and short-term investments	$ 1,395,904
Amounts on deposit with reinsurer	28,095,288
Total investments	29,491,192
Deferred policy acquisition costs	5,445,861
Notes, accounts receivable and uncollected premiums	154,068
Equipment, net of accumulated depreciation	6,825
Accrued investment income	495
Net deferred federal income taxes	169,210
Total assets	$35,267,651
LIABILITIES AND STOCKHOLDERS' EQUITY	
Future policy benefits	$ 93,908
Universal life contract liabilities	33,436,198
Claims payable	225,319
Current federal income taxes payable	41,439
Other liabilities	367,637
Total liabilities	34,164,501
Stockholders' equity:	
Common stock, $0.01 par value; 2,000,000 shares authorized; 915,000 shares issued	9,150

Additional paid-in capital	1,510,817
Treasury stock (at cost, 363,802 shares)	(471,827)
Retained earnings	55,010
Total stockholders' equity	1,103,150
Total liabilities and stockholders' equity	$35,267,651

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

FIRST FINANCIAL LIFE COMPANIES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

<TABLE>
<CAPTION>

	1996	1995
<S>	<C>	<C>
Revenues:		
Insurance policy income	$4,154,362	$3,413,326
Net investment income	1,776,869	1,883,151
Other income	67,372	43,175
Total revenues	5,998,603	5,339,652
Benefits and expenses:		
Insurance policy benefits	2,343,850	2,501,556
Amortization of deferred policy acquisition costs	2,367,101	1,689,914
Other operating expenses	1,482,975	1,352,905
Total benefits and expenses	6,193,926	5,544,375
Loss before income taxes	(195,323)	(204,723)
Provision for federal income taxes	(144,463)	(73,819)
Net loss	$ (50,860)	$ (130,904)

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

FIRST FINANCIAL LIFE COMPANIES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

<TABLE>
<CAPTION>

	1996	1995
<S>	<C>	<C>
Common stock:		
Balance at beginning of year	$ 8,181	$ 6,496
Issuance of shares	969	1,685
Balance at end of year	9,150	8,181
Additional paid-in capital:		
Balance at beginning of year	1,465,100	1,344,297
Issuance of shares, excess over par	45,717	120,803
Balance at end of year	1,510,817	1,465,100
Treasury stock:		
Balance at beginning of year	(91,276)	(90,003)

Purchase of treasury stock	(380,551)	(1,273)
Balance at end of year	(471,827)	(91,276)
Retained earnings (deficit):		
Balance at beginning of year	105,870	236,774
Net earnings (loss)	(50,860)	(130,904)
Balance at end of year	55,010	105,870
Total stockholders' equity	$1,103,150	$1,487,875

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

FIRST FINANCIAL LIFE COMPANIES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

<TABLE>
<CAPTION>

	1996	1995
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	$ (50,860)	$ (130,904)
Adjustments to reconcile net loss to net cash used in operating activities:		
Adjustments related to universal life and investment products:		
Interest credited to account balances	1,588,291	1,521,353
Charges for mortality and administration	(5,787,636)	(4,864,420)
Increase (decrease) in future policy benefits	85,246	(6,981)
Decrease (increase) in deferred policy acquisition costs	1,216,293	(360,163)
(Decrease) increase in claims payable	(57,127)	169,534
(Increase) decrease in deferred federal income taxes	(237,564)	6,623
Increase (decrease) in other liabilities	79,212	(218,317)
Increase in amounts on deposit with reinsurer	(1,500,119)	(2,819,090)
(Increase) decrease in accrued investment income, notes, accounts receivable and uncollected premiums	(9,002)	563,984
Increase in current federal income taxes	86,284	0
Depreciation expense	2,730	1,365
Net cash used in operating activities	(4,584,252)	(6,137,016)
Cash flows from financing activities:		
Receipts from universal life products	7,223,145	8,086,113
Withdrawals from universal life products	(2,151,093)	(1,436,829)
Sale of common stock	46,686	122,488
Purchase of treasury stock	(380,551)	(1,273)
Principal payment on note payable	0	(60,000)
Net cash provided by financing activities	4,738,187	6,710,499
Net increase in cash and short-term investments	153,935	573,483
Cash and short-term investments at beginning of year	1,241,969	668,486
Cash and short-term investments at end of year	$ 1,395,904	$ 1,241,969

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Principles of Consolidation: First Financial Life Companies, Inc. (FFLC) was incorporated in the state of Texas in February 1989.

First Financial Life Insurance Company, the wholly owned subsidiary of FFLC, is a domestic life and disability reinsurer incorporated in the state of Arizona in January 1989.

The consolidated financial statements include the accounts of First Financial Life Companies, Inc. and First Financial Life Insurance Company (collectively referred to as the "Company"). Material intercompany balances and transactions have been eliminated in the consolidated financial statements.

b. Basis of Presentation: FFLC's life insurance subsidiary maintains its accounts in conformity with accounting practices prescribed or permitted by state insurance regulatory authorities. In the accompanying financial statements, such accounts have been adjusted to conform with generally accepted accounting principles.

c. Investments: Short-term investments, which consist of U.S. Treasury bills, purchased with maturities of less than three months, are reflected at amortized cost, which approximates estimated fair value. All short-term investments are considered to be cash equivalents.

The Company has adopted Statement of Financial Accounting Standards No. 115, which prescribes accounting for certain debt and equity securities. During 1996 or 1995, the Company held no such securities.

d. Deferred Policy Acquisition Costs: Costs which vary with and which are directly related to the acquisition of new business have been deferred to the extent that such costs are deemed recoverable through future revenues. These costs primarily include commissions and allowances. For universal life, such costs are amortized generally in proportion to the present value (principally using the assumed credit rate) of expected gross profits. This amortization is adjusted retrospectively when the insurance subsidiary revises its estimates of current or future gross profits to be realized from a group of policies. For traditional products, such costs are amortized with interest over the premium-paying period in proportion to the ratio of anticipated annual premium revenue to the anticipated total premium revenue. Anticipated investment income is considered in the determination of recoverability of deferred policy acquisition costs.

e. Future Policy Benefits: The liability for future policy benefits of long-term duration contracts has been computed by the net level premium method based on estimated future investment yield, mortality, morbidity, and withdrawal experience. Reserve interest assumptions are based on amounts guaranteed in the Modified Coinsurance Treaty (see Note 2). Mortality, morbidity, and withdrawal assumptions reflect the experience of the life insurance subsidiary modified as necessary to reflect anticipated trends and to include provisions for possible unfavorable deviations. The assumptions vary by plan, year of issue, and duration. The composition of future policy benefits as of December 31, 1996 and 1995 and the significant assumptions used in the calculation are as follows:

<TABLE>
<CAPTION>

ISSUE YEARS	12/31/96 LIABILITY FOR FUTURE POLICY BENEFITS	12/31/95 LIABILITY FOR FUTURE POLICY BENEFITS	INTEREST RATES	MORTALITY OR MORBIDITY TABLES	WITHDRAWALS
<S>	<C>	<C>	<C>	<C>	<C>
1987-90	$93,908	$100,229	Guaranteed Rate 4.5%	1980 CSO	Company Experience

</TABLE>

f. Universal Life Contract Liabilities: With respect to universal life contracts, the insurance subsidiary utilizes the retrospective deposit accounting method. Contract liabilities include the accumulated fund balances of such policies and represent the premiums received plus accumulated interest, less mortality and administration charges.

Contract liabilities also include the unearned revenue reserve which reflects the unamortized balance of the excess of first-year administration charges over renewal period administration charges on universal life products. These excess charges have been deferred and are being recognized in income over the period benefited using the same assumptions and factors used to amortize deferred policy acquisition costs.

g. Recognition of Premium Revenue and Related Expenses: Traditional life insurance premiums are recognized as revenue over the premium-paying period. Future policy benefits and policy acquisition costs are associated with the premiums as earned by means of the provision of future policy benefits and amortization of deferred policy acquisition costs.

Revenues for universal life products consist of policy charges for the cost of insurance, policy administration charges, amortization of policy initiation fees and surrender charges assessed against policyholder account balances during the period. Expenses related to these products include interest credited to policyholder account balances and benefit claims incurred in excess of policyholder account balances.

h. Policy and Contract Claims: Policy and contract claims include provisions for reported claims in process of settlement, valued in accordance with the terms of the related policies and contracts.

i. Reinsurance: In the normal course of business, the Company seeks to limit its exposure to loss on any single insured and to recover a portion of the benefits paid over such limits. This is done by ceding reinsurance to other insurance enterprises or reinsurers under excess coverage and coinsurance contracts.

The Company reports assets and liabilities related to insurance contracts before the effects of reinsurance. Reinsurance receivables and prepaid reinsurance premiums (including amounts related to insurance liabilities) are reported as assets. Estimated reinsurance receivables are recognized in a manner consistent with the liabilities related to the underlying reinsured contracts.

j. Income Taxes: Income tax expense (benefit) includes deferred income taxes arising from temporary differences between the tax and financial reporting basis of assets and liabilities. This liability method of accounting for income taxes also requires the Company to reflect in income the effect of a tax-rate change on accumulated deferred income taxes in the period in which the change is enacted.

In assessing the realization of deferred income tax assets, the Company considers whether it is more likely than not that the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets depends upon generating sufficient future taxable income during the periods in which temporary differences become deductible.

k. Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions affecting the reported amounts. The Company uses estimates and assumptions in calculating deferred acquisition costs, future policy benefits, universal life contact liabilities, deferred incomes taxes, and certain other accruals. Actual amounts could differ from those estimated amounts.

2. SIGNIFICANT REINSURANCE TREATY:

Substantially all of the Company's consolidated business activity is the result of modified coinsurance treaties entered into with Massachusetts General Life Insurance Company (MGL), a subsidiary of Life Partners Group, Inc. (LPG) and Southwestern Life Insurance Company (SWL), a subsidiary of Southwestern Life Corporation (SLC). Under the terms of the agreements, First Financial Life Insurance Company assumes a quota share risk on all policies which are issued by MGL and SWL as a result of applications submitted by agents

affiliated with First Financial Marketing Group. The quota share percentage falls between 33 1/3% and 50% on all business submitted. Because the treaties are on the basis of modified coinsurance, MGL and SWL establish 100% of the reserves required to be held by the various state insurance regulatory authorities. First Financial Life Insurance Company, in turn, deposits with MGL and SWL an amount equal to its quota share of the reserves. MGL and SWL pay First Financial Life Insurance Company interest on the deposits at the investment rate assumed in the pricing of each product. These deposits are included in the amounts on deposit with reinsurer account balance in the financial statements. Although First Financial Life Insurance Company is credited with interest based on the reserve deposits, the legal owners of the assets are MGL and SWL, not First Financial Life Insurance Company. The universal life contract liabilities recorded on the consolidated balance sheet at December 31, 1996 also include amounts that have been assessed to compensate the Company for services to be performed in the future. Such amounts are not earned in the period assessed. Such unearned revenue amounts are recognized in income over the period benefited using the same assumptions and factors used to amortize deferred acquisition costs. Amounts that are assessed against the policyholder balance as consideration for origination of the contract, often referred to as initiation or front-end fees, are unearned revenues.

For the years ended December 31, 1996 and 1995, the Company assumed premiums of approximately $7,324,000 and $8,187,000, respectively, and paid approximately $2,086,646 and $1,841,000, respectively, in retroceded premiums for the years then ended.

The Company paid approximately $1,167,000 and $1,124,000, respectively, in death benefits net of ceded benefits of approximately $981,000 and $1,335,000, respectively, for the years ended December 31, 1996 and 1995.

MGL, Wabash Life Insurance Company (MGL's parent), SWL and Facilities Management Installation (FMI) provide all necessary functions to fully process, administer, and account for the insurance business of First Financial Life Insurance Company. For the years ended December 31, 1996 and 1995, First Financial Life Insurance Company paid these companies for such services and policy maintenance fees as follows:

<TABLE>
<CAPTION>

	1996	1995
<S>	<C>	<C>
Wabash fees	$213,426	$209,714
FMI fees	21,369	22,928
MGL and SWL policy maintenance fees	318,547	293,094

</TABLE>

3. INVESTMENTS AND INVESTMENT INCOME:

For the years ended December 31, 1996 and 1995, net investment income consisted of the following:

<TABLE>
<CAPTION>

	1996	1995
<S>	<C>	<C>
Cash and short-term investments	$ 58,195	$ 49,999
Amounts on deposit with reinsurer	1,718,822	1,833,152
Gross investment income	1,777,017	1,883,151
Investment expenses	148	0
Net investment income	$1,776,869	$1,883,151

</TABLE>

Other than amounts on deposit with reinsurer at December 31, 1996, the Company has no investments exceeding 10% of stockholders' equity.

4. STOCKHOLDERS' EQUITY AND RESTRICTIONS:

At December 31, 1996, substantially all consolidated stockholders' equity represents net assets of FFLC's insurance subsidiary that cannot be transferred to FFLC in the form of dividends, loans or advances. Generally, the net assets of FFLC's insurance subsidiary available for transfer to FFLC are limited to the lesser of the subsidiary's net gain from operations during the preceding year or 10% of the subsidiary's net surplus as of the end of the preceding year

as determined in accordance with accounting practices prescribed or permitted by

regulatory authorities. Payment of dividends in excess of such amounts would generally require approval by regulatory authorities.

First Financial Life Insurance Company is domiciled in the state of Arizona, which is also the only state in which it is licensed to conduct business. On the basis of reporting as prescribed or permitted by the Arizona Department of Insurance, the life insurance subsidiary had statutory capital and surplus of approximately $1,323,000 and $1,110,000 as of December 31, 1996 and 1995, respectively, and it had net earnings (loss) of $416,690 and $(52,703) for the years ended December 31, 1996 and 1995, respectively. First Financial Life Insurance Company maintains at least $250,000 of statutory capital and surplus in order to retain $25,000 of risk on any one insured. Arizona law prohibits an Arizona reinsurer from retaining insurance risk on any one insured in excess of 10% of its capital and surplus.

5. CAPITAL STOCK:

As of December 31, 1996, FFLC has one class of stock consisting of 2,000,000 shares authorized; 915,000 shares issued and 551,198 shares outstanding, with a stated value of $.01 per share. FFLC had paid no dividends to capital stockholders for the years ended December 31, 1996 or 1995.

6. COMMITMENTS, LITIGATION AND CONTINGENT LIABILITIES:

The Internal Revenue Service (IRS) has not examined any of the federal income tax returns of FFLC or its life insurance subsidiary.

The life insurance subsidiary has set its retention limit for acceptance of risk on life insurance policies at $25,000. Risk in excess of the $25,000 limit is reinsured back to MGL and SWL pursuant to certain reinsurance agreements. First Financial Life Insurance Company pays MGL and SWL to reinsure the excess risk according to mortality schedules which are contained in the reinsurance agreements. First Financial Life Insurance Company paid MGL and SWL approximately $1,962,000 and $1,713,000 for reinsurance costs for the years ended December 31, 1996 and 1995, respectively. MGL has ceded to First Financial Life Insurance Company approximately $970,727,018 of insurance in force as of December 31, 1996. Pursuant to the reinsurance agreements with MGL, First Financial Life Insurance Company has in turn retroceded approximately $551,708,334 of insurance in force to MGL, retaining risk equal to the difference. At December 31, 1995, these amounts were $1,008,922,000 and $573,969,000, respectively.

SWL has ceded to First Financial Life Insurance Company approximately $47,995,993 of insurance in force as of December 31, 1996. Pursuant to the reinsurance agreement with SWL, First Financial Life Insurance Company has in turn retroceded approximately $31,573,093 of insurance in force to SWL, retaining risk equal to the difference. At December 31,1995, these amounts were $55,378,000 and $36,239,000, respectively.

In most reinsurance situations, the direct writer is contingently liable for claims reinsured if the assuming company is unable to pay. The Company assumes insurance and also retrocedes a portion back to the direct writer. Management believes that it is unlikely that the Company would be liable for any amount in excess of the Company's quota share.

The Company is not aware of any lawsuits or claims which are pending against it. However, during 1995, MGL settled a class action lawsuit filed on behalf of policyholders of certain policies held on or after April 1, 1992 and on or before June 30, 1994. The settlement consisted of the return of excess mortality charges incurred due to MGL's decision to pass on a portion of the DAC tax and the repayment of certain surrender charges collected as a result of the termination of the above policies because of the increased mortality charges. The recording of the Company's share of this settlement resulted in a pretax expense of approximately $306,000 for the year ended December 31, 1995.

7. FEDERAL INCOME TAXES:

First Financial Life Companies, Inc. and First Financial Life Insurance Company file separate federal income tax returns.

Deferred federal income taxes were comprised of the following at December 31, 1996:

Deferred federal income tax assets:	
Life reserves	$12,156,416
Accrued expenses	98,787
Alternative minimum tax credit carryforward	59,482
Total deferred income tax assets	12,314,685
Deferred income tax liabilities:	
Funds on deposit	(9,552,398)
Deferred acquisition costs	(2,591,320)
Other	(1,757)
Total deferred income tax liabilities	(12,145,475)
Net deferred federal income tax asset	$ 169,210

For the years ended December 31, 1996 and 1995, respectively, the provision (benefit) for income taxes consists of the following components:

	1996	1995
Current tax expense (benefit)	$ 94,801	$ (5,051)
Deferred tax expense (benefit)	(239,264)	(68,768)
Income tax benefit	$(144,463)	$(73,819)

The difference between the federal income tax (benefit) computed by applying statutory rates to income (loss) before income taxes and income tax expense (benefit) as reported is primarily due to the small life insurance company deduction, deferred acquisition costs, life policy benefit reserves, and alternative minimum tax.

8. OTHER OPERATING STATEMENT DATA:

Changes in deferred acquisition costs were as follows:

	1996	1995
Balance, beginning of year	$ 6,662,154	$ 6,301,991
Additions	1,150,808	2,050,077
Amortization related to operations	(2,367,101)	(1,689,914)
Balance, end of year	$ 5,445,861	$ 6,662,154

9. SUBSEQUENT EVENT:

On April 8, 1997, FFLC was purchased by Rushmore Capital Corporation (Rushmore) for stock and cash. FFLC was merged into Rushmore and then dissolved, leaving FFLC owned directly by Rushmore. On November 12, 1997, the name of First Financial Life Insurance Company was changed to Rushmore Life Insurance Company.

FIRST FINANCIAL LIFE INSURANCE COMPANY

STATEMENT OF FINANCIAL CONDITION

SEPTEMBER 30, 1997
(UNAUDITED)

<TABLE>
<S> <C>

ASSETS	
Investments:	
Cash and Short Term Investments	$ 1,190,780
Equity Securities	775
Collateral Loans	75,000
Amounts on deposit with reinsurer	28,894,316
Total Investments	30,160,871
Notes, accounts receivable and uncollected premiums	695,416
Equipment, net of accumulated depreciation	4,478
Accrued Investment Income	18,755
Federal Income Taxes:	
Current	-0-
Deferred	95,226
Deferred Policy Acquisition Costs	4,281,359
TOTAL ASSETS	$35,256,405
LIABILITIES AND SHAREHOLDERS EQUITY	
Future Policy Benefits	$ 88,016
Universal Life Liabilities	33,258,288
Claims Payable	217,537
Federal Income Taxes	
Current	36,260
Deferred	-0-
Other Liabilities	378,839
Total Liabilities	33,978,940
Shareholders Equity	
Common Stock	100,000
Additional Paid-In-Capital	886,944
Unrealized loss on equity securities	(22)
Retained Earnings	290,543
Total Stockholders Equity	1,277,465
Total Liabilities and Shareholders Equity	$35,256,405

</TABLE>

FIRST FINANCIAL LIFE INSURANCE COMPANY

STATEMENT OF OPERATIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997
(UNAUDITED)

<TABLE>
<S> <C>

Revenues:	
Insurance policy income	$3,112,369
Net investment income	1,567,071
Other income	42,440
Total Revenues	4,721,880
Benefits and expenses:	
Insurance policy benefits	1,805,949
Amortization of deferred policy acquisition costs	1,561,992
Other operating expenses	1,343,277
Total benefits and expenses	4,711,218
Income before income taxes	10,662
Provision for income taxes	(2,304)
Net income	$ 12,966

</TABLE>

FIRST FINANCIAL LIFE INSURANCE COMPANY

STATEMENT OF SHAREHOLDERS EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997
(UNAUDITED)

Common Stock	
Balance at beginning of period	$ 100,000
Issuance of shares	-0-
Balance at end of period	100,000
Additional paid-in capital	
Balance at beginning of period	886,944
Issuance of shares, excess over par	-0-
Balance at end of period	886,944
Unrealized loss on equity securities	
Balance at beginning of period	-0-
Change in unrealized appreciation	(22)
Balance at end of period	(22)
Retained earnings	
Balance at beginning of period	409,874
Dividends paid	(132,297)
Net income	12,966
Balance at end of period	290,543
Total Shareholders Equity	$1,277,465

FIRST FINANCIAL LIFE INSURANCE COMPANY

STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997
(UNAUDITED)

Cash flows from operating activities	
Net income	$ 12,966
Items not requiring (providing) funds:	
Adjustments relating to universal life and investment products:	
Interest credited to account balances	1,184,050
Charges for mortality and administration	(3,651,315)
Increase in future policy benefits	16,146
Decrease in deferred policy acquisition costs	1,164,502
Increase in claims payable	(7,782)
Decrease in URR liability	(578,223)
Increase in accounts payable and accrued expenses	160,938
Decrease in amounts on deposit with reinsurer	(799,028)
Increase in accrued investment income and accounts receivable	(337,436)
Decrease in current federal income taxes	(5,179)
Depreciation expense	2,047
Net cash used by operating activities	(2,838,314)
Cash flows from investing activities:	
Purchase of equity securities	(797)
Issuance of collateral loan	(75,000)
Net cash used by investing activities	(75,797)
Cash flows from financing activities:	
Receipts from universal life products	5,231,481
Withdrawals from universal life products	(2,385,940)

Dividends paid	(132,297)
Net cash provided by financing activities	2,713,244
Net decrease in cash and short-term investments	(200,867)
Cash and short-term investments at beginning of period	1,391,647
Cash and short-term investments at end of period	$1,190,780

</TABLE>

RUSHMORE FINANCIAL GROUP, INC. AND SUBSIDIARIES

PRO FORMA FINANCIAL DATA
(UNAUDITED)

PRO FORMA CONSOLIDATED BALANCE SHEET

The following unaudited pro forma balance sheet has been derived from the balance sheet of the Company at December 31, 1996 and adjusts such information to give effect to the acquisition of the remaining 74.6% of Rushmore Life Insurance Company (formerly First Financial Life Insurance Company, Inc.) on April 8, 1997 and the sale of Rushmore Financial Corporation which was effective March 3, 1997 as if both of these transactions had occurred at January 1, 1996. The pro forma balance sheet is presented for informational purposes only and does not purport to be indicative of the financial condition that actually would have resulted if the transactions had occurred on January 1, 1996. The pro forma balance sheet should be read in conjunction with the notes thereto and the Company's consolidated financial statements and related notes thereto contained elsewhere in this prospectus.

RUSHMORE FINANCIAL GROUP, INC. AND SUBSIDIARIES

PRO FORMA BALANCE SHEET

<TABLE>
<CAPTION>

	DECEMBER 31, 1996			
	COMPANY ACTUAL	RUSHMORE LIFE ACTUAL	ADJUSTMENTS DR (CR)	PROFORMA
<S>	<C>	<C>	<C>	<C>
Investment				
Cash and short-term investments	$ 117,738	$ 1,395,904	$ (137,900)(1) (7,638)(3)	$ 1,368,104
Amounts on deposit with reinsurer		28,095,288		28,095,288
Total investments	117,738	29,491,192		29,463,392
Deferred policy acquisition costs		5,445,861		5,445,861
Notes, account receivable and uncollected premiums	27,459	154,068	(10,515)(3)	171,012
Receivable from brokers and dealers	27,255			27,255
Prepaid expenses and advances	17,019		(15,951)(3)	1,068
Equity investment in subsidiary	275,346		1,196,599 (1) (1,471,945)(2)	-0-
Equipment, net of accumulated depreciation	67,894	6,825		74,719
Deferred federal income taxes		169,210		169,210
Goodwill			381,688 (2)	381,688
Other assets and intangibles	10,375	495	(576)(3)	10,294
TOTAL ASSETS	$ 543,086	$35,267,651	$ (66,238)	$35,744,499
Liabilities				
Future policy benefits		$ 93,908		$ 93,908
Universal life contract				

liabilities.....		33,436,198		33,436,198
Claims payable.....		225,319		225,319
Notes payable.....	$ 24,024			24,024
Due to affiliated companies.....	15,220			15,220
Current federal income taxes.....		41,439		41,439
Other liabilities.....	152,905	367,637	21,377 (3)	499,165
Total liabilities.....	192,149	34,164,501	21,377	34,335,273
Shareholders' equity				
Preferred stock--9% cumulative preferred stock, $10 par value, 4,300 shares issued and outstanding.....	43,000			43,000
Preferred stock--Series A cumulative preferred stock, $10 par value, 13,792 shares issued and outstanding.....	137,920			137,920
Common stock--$0.01 par value, 10,000,000 shares authorized, 1,419,293 shares issued and outstanding.....	14,193	9,150	(5,081)(1) 9,150 (2)	19,274
Common stock subscribed, 17,593 shares at $1.50 per share.....	176			176
Additional paid in capital.....	826,547	1,510,817	1,510,817 (2) (1,053,618)(1)	1,880,165
Treasury stock.....		(471,827)	(471,827)(2)	-0-
Retained earnings (deficit).....	(531,246)	55,010	42,117 (2) 13,303 (3)	(531,656)
Shareholder/affiliate loans				
Common stock subscriptions receivable.....	(26,389)			(26,389)
Shareholder loans.....	(98,506)			(98,506)
Receivable from affiliates.....	(14,758)			(14,758)
Total shareholders' equity.....	350,937	1,103,150	44,861	1,409,226
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	$ 543,086	$35,267,651	$ 66,238	$35,744,499

</TABLE>

The accompanying notes are an integral part of these financial statements.

RUSHMORE FINANCIAL GROUP, INC. AND SUBSIDIARIES

PRO FORMA FINANCIAL DATA
(UNAUDITED)

PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS

The following unaudited pro forma statements of operations have been derived from the statements of operations of the Company for the fiscal year ended December 31, 1996 and the nine months ended September 30, 1997 and adjust such information to give effect to the acquisition of the remaining 74.6% of Rushmore Life Insurance Company (formerly First Financial Life Insurance Company, Inc.) on April 8, 1997 and the sale of Rushmore Financial Corporation which was effective March 3, 1997 as if both of these transactions had occurred January 1, 1996. The pro forma statements of operations are presented for information purposes only and do not purport to be indicative of the results of operations that actually would have resulted had the acquisition and sale been consummated on January 1, 1996 nor which may result form future operations. The Pro Forma Consolidated Statement of Operations should be read in conjunction with the notes thereto and the Company's consolidated financial statements and related notes thereto contained elsewhere in this prospectus.

RUSHMORE FINANCIAL GROUP, INC. AND SUBSIDIARIES

PRO FORMA STATEMENT OF INCOME

<TABLE>
<CAPTION>

	DECEMBER 31, 1996				SEPTEMBER 30, 1997			
	COMPANY ACTUAL	RUSHMORE LIFE ACTUAL	ADJUSTMENTS DR (CR)	PROFORMA	COMPANY ACTUAL	RUSHMORE LIFE ACTUAL	ADJUSTMENTS DR (CR)	PROFORMA
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenue								
Revenue from Insurance Services								
Insurance policy income		$4,154,362		$4,154,362		$2,092,002	(1,020,367)(4)	$3,112,369
Net investment income		1,776,869		1,776,869		1,050,052	(517,019)(4)	1,567,071
Aging management fee	$ 346,968			346,968	$ 104,167		(16,239)(4)	120,406
Other income		67,372		67,372				-0-
Revenue from Investment Services								
Commissions and fees	1,493,908			1,493,908	1,589,928			1,589,928
Asset management	28,705			28,705	103,292			103,292
Other	15,911			15,911	15,342	26,201		41,543
Total revenues	1,885,492	5,998,603	-0-	7,884,095	1,812,729	3,168,255	(1,553,625)	6,534,609
Expenses								
Insurance Services Expenses								
Other insurance services expenses		1,482,975		1,482,975		697,655	364,005(4)	1,061,660
Insurance policy benefits		2,343,850		2,343,850		1,128,230	677,719(4)	1,805,949
Amortization of deferred policy acquisition costs		2,367,101		2,367,101		1,041,328	520,664(4)	1,561,992
Equity in subsidiary loss	12,893		(12,893)(2)	-0-				-0-
Investment Services Expenses								
Commission expense	1,241,476			1,241,476	1,425,141			1,425,141
Other investment services expense	83,803			83,803	60,127			60,127
General and administrative	663,172		(356)(3)	662,816	629,514			629,514
Total Expenses	2,001,344	6,193,926	(13,249)	8,182,021	2,114,782	2,867,213	1,562,388	6,544,383
Operating income (loss)	(115,852)	(195,323)		(297,926)	(302,053)	301,042		(9,774)
Interest expense	4,535			4,535	4,163			4,163
Income (loss) from continuing operations	(120,387)	(195,323)		(302,461)	(306,216)	301,042		(13,937)
Discontinued operations (net)	(50,504)		50,504(3)	-0-	(25,992)		(25,992)(3)	-0-
Income (loss) before federal income tax	(170,891)	(195,323)		(302,461)	(332,208)	301,042		(13,937)
Provision for federal income tax (expense) benefit		144,463		144,463		(167)		(167)
Net income (loss)	$ (170,891)	$ (50,860)	(63,753)	$ (157,998)	$ (332,208)	$ 300,875	(17,229)	$ (14,104)
Net income (loss) applicable to common shareholders	$ (180,778)			$ (167,885)	$ (344,420)			$ (26,316)
Earnings (loss) per share of common stock after dividends on Preferred Stock	$ (.13)			$ (.09)	$ (.20)			$ (.01)

Weighted average common shares outstanding.....	1,376,777	1,912,015	1,737,588	$1,975,472

</TABLE>

See Notes to Pro Forma Consolidated Financial Statements.

RUSHMORE FINANCIAL GROUP, INC.
AND SUBSIDIARIES

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1996 AND 1995

(1) Adjustment to effect the acquisition of Rushmore Life, 508,144 shares of common stock and $137,900 cash were paid for the remaining 74.6% shares of Rushmore Life.

(2) Entry to effect consolidation and elimination of the accounts of Rushmore Life as if it occurred at the beginning of 1996. The acquisition has been accounted for as a purchase.

(3) Entry to effect sale of RFC as if it had occurred at the beginning of 1996. All assets and liabilities were adjusted off of the books at December 31, 1996 and losses from discontinued operations were adjusted off for the year ended December 31, 1996 and the nine months ended September 30, 1997.

(4) An entry is necessary to include the full nine months of income and expense on a pro forma basis on Rushmore Life. As it was acquired April 8, 1997 only six months of its income and expense are included in the consolidated results for nine months ended September 30, 1997.

GLOSSARY OF INSURANCE TERMS

COINSURANCE. The sharing of an insurance risk. In life insurance this arises most frequently in connection with reinsurance where the company which is the direct issuer of insurance passes some of it onto another company, the reinsurer, in order to avoid a disproportionately large risk on one insured. The reinsurer receives a proportionate part of the premiums less commissions and is liable for a corresponding part of all payments (dividends, cash values, death claims) made by the direct issuing company. The reinsurer must provide for its share of the policy reserves.

DEFERRED POLICY ACQUISITION COSTS. Expenses that vary with and are directly related to producing or issuing insurance contracts, including commissions, premium taxes, and other costs. Under statutory accounting principles, these costs are expensed as incurred. Under generally accepted accounting principles (GAAP), these costs are deferred and amortized in relation to the future gross profits or premiums.

MODIFIED COINSURANCE. This differs from coinsurance in that it requires the ceding company to maintain all of the life insurance reserves. At year-end the reinsurer owes the ceding company an amount equal to the increase in the mean reserve on reinsured policies, and since the ceding company has held the reserve funds, it owes the reinsurer interest on the prior year's mean reserve at a rate specified in the agreement. The result is a net transfer of funds from the reinsurer (that is, a transfer of the difference between these amounts); this is referred to as the "modified coinsurance reserve adjustment." In all other respects, the agreement is the same as other coinsurance and provides similar benefits to the ceding company.

NET AMOUNT AT RISK. Face amount of the policy less the terminal reserve.

PREMIUM. The payment, or one of the periodic payments, a policyholder agrees to make for an insurance policy.

QUOTA SHARE REINSURANCE. A form of pro-rata (proportional) reinsurance indemnifying the ceding company for a fixed percentage of loss on each risk covered in the contract in consideration of the same percentage of the premium paid to the ceding company. The reinsurer also agrees to pay a ceding commission to cover the acquisition costs of business assumed.

RESERVE. The amount required to be carried as a liability in the financial statements of an insurer, to provide for future commitments under policies outstanding.

TERMINAL RESERVE. The policy reserve at the end of the policy year. It is equal to the amount of the reserve at the beginning of the policy year (the initial reserve) plus interest on the reserve for one year and less the cost of insurance for the respective policy year.

UNIVERSAL LIFE INSURANCE. A flexible-premium life insurance policy under which the policyholder may change the death benefit from time to time (with satisfactory evidence of insurability for increases) and vary the amount or timing of premium payments. Premiums (less expense charges) are credited to a policy account from which mortality charges are deducted and to which interest is credited at rates that may change from time to time.

NO DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR BY ANY OF THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCE, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

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Until , 1998 (90 days from the date of this Prospectus), all dealers effecting transactions in the registered securities, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as Underwriters and with respect to their unsold allotments or subscriptions.

UP TO 1,250,000 SHARES

COMMON STOCK

OFFERING PRICE

$
PER SHARE

[LOGO]

PROSPECTUS

, 1998

FIRST SOUTHWEST COMPANY

RUSHMORE SECURITIES CORPORATION

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 24. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 2.02-1 of the Texas Business Corporation Act permits (and the Registrant's Certificate of Incorporation and Bylaws, which are incorporated by reference herein, authorize) indemnification of directors and officers of the Registrant and officers and directors of another corporation, partnership, joint venture, trust, or other enterprise who serve at the request of the Registrant, against expenses, including attorneys fees, judgments, fines and amounts paid in settlement actually and reasonable incurred by such person in connection with any action, suit or proceeding in which such person is a party by reason of such person being or having been a director or officer of the Registrant or at the request of the Registrant, if he conducted himself in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Registrant, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The Registrant may not indemnify an officer or a director with respect to any claim, issue or matter as to which such officer or director shall have been adjudged to be liable to the Registrant, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper. To the extent that an officer or director is successful on the merits or otherwise in defense on the merits or otherwise in defense of any action, suit or proceeding with respect to which such person is entitled to indemnification, or in defense of any claim, issue or matter therein, such person is entitled to be indemnified against expenses, including attorney's fees, actually and reasonably incurred by him in connection therewith.

The circumstances under which indemnification is granted in an action brought on behalf of the Registrant are generally the same as those set forth above; however, expenses incurred by an officer or a director in defending a civil or criminal action, suit or proceeding may be paid by the Registrant in advance of final disposition upon receipt of an undertaking by or on behalf of such officer or director to repay such amount if it is ultimately determined that such officer or director is not entitled to indemnification by the Registrant. Such procedures are set forth in a series of Indemnification Agreements between the Registrant and each officer and director, as contained in Exhibit 10.11 of this Registration Statement.

ITEM 25. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The estimated expenses in connection with the issuance and distribution of the securities being registered, other than underwriting discounts and commissions are set forth in the following table:

<TABLE>

<S>	<C>
S.E.C. registration fees	$ 2,028
N.A.S.D. filing fees	1,200
NASDAQ SmallCap application and listing fees	8,357
*State securities laws (Blue Sky) legal fees and expenses	45,000
*Printing and engraving expenses	55,000
*Legal fees and expenses	60,000
*Accounting fees and expenses	45,000
*Transfer agent's and registrar's fees and expenses	5,000
*Underwriter expense allowance	75,000
*Miscellaneous	3,415
Total	$300,000

</TABLE>

* Estimated

ITEM 26. RECENT SALES OF UNREGISTERED SECURITIES

Registrant has sold and issued the shares of Common Stock described below within the past three years that were not registered under the Act. No underwriting discounts or commissions were paid with respect to such sales.

DATE	NUMBER OF SHARES	OFFERING PRICE	EXEMPTION CLAIMED
<S>	<C>	<C>	<C>
November 1997(2)	182,448	$1.92	(1)
May 1997	508,144	(3)	(1)
April 1996	5,759	1.50	(1)
July 1996	46,026	1.50	(1)
December 1996	34,151	1.50	(1)
April 1995	61,966	1.04	(1)
June 1995	147,742	1.04	(1)

(1) The Company relied on Sections 3 and 4(2) of the Securities Act of 1933 for exemption from the registration requirements of such Act. Each investor was furnished with information concerning the formation and operations of the Registrant, and each had the opportunity to verify the information supplied. Additionally, Registrant obtained a signed representation from each of the foregoing persons in connection with the purchase of the Common Stock of his or her intent to acquire such Common Stock for the purpose of investment only, and not with a view toward the subsequent distribution thereof, and as to the investors' sophistication to analyze the risks and merits of the investment; each of the certificates representing the Common Stock of the Registrant has been stamped with a legend restricting transfer of the securities represented thereby and the Registrant has issued stop transfer instructions to the Transfer Agent for the Common Stock of the Company, concerning all certificates representing the Common Stock issued in the above-described transactions.

(2) Represents a Rule 505 offering to employees and agents commenced on May 1997 and closed in November 1997.

(3) 3.04 shares of the Company's Common Stock were issued in exchange for each share of First Financial Life Companies, Inc. in connection with the acquisition of Rushmore Life.

ITEM 27. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(A) EXHIBITS

EXHIBIT NO.	
<C>	<S>
*1.1	Form of Underwriting Agreement between Registrant and First Southwest Company
*1.2	Form of Representative's Warrant Agreement
*1.3	Escrow Agreement with Bank One Investment Management Group
1.5	Form of Letter Agreement regarding restrictions on sales
2.1	Plan and Agreement of Merger with First Financial Life Companies, Inc.
3.1	Articles of Incorporation, as amended
3.2	Bylaws
4.1	Specimen certificate for shares of Common Stock of the Company
4.2	Specimen certificate for shares of Preferred Stock of the Company
*5.1	Opinion of Glast, Phillips & Murray, P.C.
*10.1.1	Employment Agreement with D. M. Moore, Jr. (revised)
*10.1.2	Employment Agreement with Jim W. Clark (revised)
10.2.1	Modified Coinsurance Agreement with Massachusetts General Life Insurance Company

<TABLE>
<CAPTION>
 EXHIBIT NO.

 <C>   <S>
   10.2.2   Administrative Service Agreement with Massachusetts General Life Insurance Company
   10.2.3   Reinsurance Agreement with Massachusetts General Life Insurance Company
   10.2.4   National Marketing Agreement with Massachusetts General Life Insurance Company
  *10.2.5   Coinsurance Agreement with Massachusetts General Life Insurance Company
   10.3.1   Modified Coinsurance Agreement with Southwestern Life Insurance Company
  *10.3.2   Reinsurance Agreement with Southwestern Life Insurance Company
   10.3.3   Administrative Service Agreement with Southwestern Life Insurance Company
  *10.4.1   National Marketing Contract with Legion Insurance Company
   10.5   Management Service Agreement between Registrant and Rushmore Life
   10.6.1   Option Agreement regarding Rushmore Agency
   10.6.2   Overhead Services Agreement between Registrant and Rushmore Life
  *10.6.3   Overhead Services Agreement between Registrant and Rushmore Securities
  *10.6.4   Overhead Services Agreement between Registrant and Rushmore Advisors

  *10.6.5   Overhead Services Agreement between Registrant and Rushmore Agency
  *10.7   Registered Representative Agreement between Registrant and Kenneth Anderson. Identical form of agreement has been signed with all registered representatives.
  *10.8   Professional Advisory Agreement between Registrant and Marjorie M. Chapman. Identical form of agreement has been signed with all advisory clients.
  *10.9   Affiliation Agreement with John Diller. Identical form of agreement has been signed with all agents.
   10.10.1   Fully Disclosed Clearing Agreement with Southwest Securities, Inc.
   10.10.2   Fully Disclosed Clearing Agreement with First Southwest Company
  *10.11   Indemnification Agreement between Registrant and D. M. Moore, Jr. Identical form of Agreement has been signed with all officers and directors
  *10.12   Overhead Services Agreement with American Financial Freedom Association
  *10.13   National Marketing Agreement with Great Southern Life Insurance Company
   11.1   Statement regarding computation of earnings per share
   15.1   Letter on unaudited interim financial information
   21.1   Subsidiaries of the Registrant
  *23.1   Consent of Glast, Phillips & Murray, P.C., included in Exhibit 5.1
  *23.2   Consent of Cheshier & Fuller, L.L.P.
  *23.3   Consent of Coopers & Lybrand, L.L.P.
   23.4   Consent of James Fehleison regarding appointment as director
   23.5   Consent of Gayle Tinsley regarding appointment as director
  *24.1   Power of Attorney, set forth on signature page
  *27.1   Financial Data Schedule
  *27.2   Financial Data Schedule
  *27.3   Financial Data Schedule
  *27.4   Financial Data Schedule
</TABLE>
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* Filed herewith

(B) FINANCIAL STATEMENT SCHEDULES

None.

Schedules not listed above have been omitted because they are not required, are not applicable, or the information is included in the Financial Statements or Notes thereto.

ITEM 28. UNDERTAKINGS

(a) Rule 415 Offering.

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information in the registration statement; and

(iii) To include any additional or changed material information on the plan of distribution.

(2) For determining liability under the Securities Act, treat each post-effective amendment as a new registration statement of the securities offered, and the offering of the securities at that time to be the initial bona fide offering.

(3) File a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the offering.

(4) Will supplement the prospectus, after the end of the subscription period, to include the results of the subscription offer, the transactions by underwriters during the subscription period, the amount of unsubscribed securities that the underwriters will purchase and the terms of any later reoffering.

(5) If the underwriters make any public offering of the securities on items different from those on the cover page of the prospectus, file a post-effective amendment to state the terms of such offering.

(b) Indemnification.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) Rule 430A.

The Registrant hereby undertakes that it will (i) for determining any liability under the Securities Act, treat the information omitted from the form of prospectus filed as a part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant under Rule 424(b)(1), or (4) or 497(h) under the Securities Act as a part of this Registration Statement as of the time the Commission declared it effective, and (ii) for determining any liability under the Securities Act, treat each post-effective amendment that contains a form of prospectus as a new registration statement for the securities offered in the registration statement, and that offering of the securities at that time as the initial bona fide offering of those securities.

(d) Certificates.

The Registrant will provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form SB-2 and authorizes this Registration Statement to be signed on its behalf by the undersigned, thereunto

duly authorized, in the City of Dallas, State of Texas on January 28, 1998.

Rushmore Financial Group, Inc.

By: /s/ D. M. Moore, Jr.

D. M. MOORE, JR.
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned directors and officers of Rushmore Financial Group, Inc., a Texas corporation, which is filing a Registration Statement on Form SB-2 with the Securities and Exchange Commission, Washington, D.C. 20549 under the provisions of the Securities Act of 1933, as amended (the "Securities Act"), hereby constitute and appoint D. M. Moore, Jr. and Jim W. Clark, and each of them, the individual's true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for the person and in his or her name, place and stead, in any and all capacities, to sign such Registration Statement and any or all amendments, including post-effective amendments, to the Registration Statement, including a Prospectus or an amended Prospectus therein and any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act, and all other documents in connection therewith to be filed with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact as agents or any of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED.

SIGNATURE	TITLE	DATE
/s/ D. M. Moore, Jr. D. M. MOORE, JR.	Chairman, President, Chief Executive Officer and Director (Principal Executive Officer)	January 28, 1998
/s/ Robert W. Hendren ROBERT W. HENDREN	Chief Financial Officer (Principal Financial and Accounting Officer)	January 28, 1998

SIGNATURE	TITLE	DATE
* /s/ Jim W. Clark JIM W. CLARK	Director and Secretary	January 28, 1998
* /s/ F. E. Mowery F. E. MOWERY	Director	January 28, 1998
* /s/ Timothy J. Gardiner TIMOTHY J. GARDINER	Director	January 28, 1998
* /s/ H. Gary Curry H. GARY CURRY	Director	January 28, 1998
* /s/ Mark S. Adler	Director	January 28, 1998

MARK S. ADLER

* /s/ Harlan T. Cardwell, III HARLAN T. CARDWELL, III	Director	January 28, 1998
* By /s/ D. M. Moore, Jr. D. M. MOORE, JR.	Attorney-in-Fact	January 28, 1998

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
*1.1	Form of Underwriting Agreement between Registrant and First Southwest Company
*1.2	Form of Representative's Warrant Agreement
*1.3	Escrow Agreement with Bank One Investment Management Group
1.5	Form of Letter Agreement regarding restrictions on sales
2.1	Plan and Agreement of Merger with First Financial Life Companies, Inc.
3.1	Articles of Incorporation, as amended
3.2	Bylaws
4.1	Specimen certificate for shares of Common Stock of the Company
4.2	Specimen certificate for shares of Preferred Stock of the Company
*5.1	Opinion of Glast, Phillips & Murray, P.C.
*10.1.1	Employment Agreement with D. M. Moore, Jr. (revised)
*10.1.2	Employment Agreement with Jim W. Clark (revised)
10.2.1	Modified Coinsurance Agreement with Massachusetts General Life Insurance Company
10.2.2	Administrative Service Agreement with Massachusetts General Life Insurance Company
10.2.3	Reinsurance Agreement with Massachusetts General Life Insurance Company
10.2.4	National Marketing Agreement with Massachusetts General Life Insurance Company
*10.2.5	Coinsurance Agreement with Massachusetts General Life Insurance Company
10.3.1	Modified Coinsurance Agreement with Southwestern Life Insurance Company
*10.3.2	Reinsurance Agreement with Southwestern Life Insurance Company
10.3.3	Administrative Service Agreement with Southwestern Life Insurance Company
*10.4.1	National Marketing Contract with Legion Insurance Company
10.5	Management Service Agreement between Registrant and Rushmore Life
10.6.1	Option Agreement regarding Rushmore Agency
10.6.2	Overhead Services Agreement between Registrant and Rushmore Life
*10.6.3	Overhead Services Agreement between Registrant and Rushmore Securities
*10.6.4	Overhead Services Agreement between Registrant and Rushmore Advisors
*10.6.5	Overhead Services Agreement between Registrant and Rushmore Agency
*10.7	Registered Representative Agreement between Registrant and Kenneth Anderson. Identical form of agreement has been signed with all registered representatives.
*10.8	Professional Advisory Agreement between Registrant and Marjorie M. Chapman. Identical form of agreement has been signed with all advisory clients.
*10.9	Affiliation Agreement with John Diller. Identical form of agreement has been signed with all agents.
10.10.1	Fully Disclosed Clearing Agreement with Southwest Securities, Inc.
10.10.2	Fully Disclosed Clearing Agreement with First Southwest Company
*10.11	Indemnification Agreement between Registrant and D. M. Moore, Jr. Identical form of Agreement has been signed with all officers and directors

<TABLE>
<CAPTION>

EXHIBIT NO.	DESCRIPTION
<C>	<S>
*10.12	Overhead Services Agreement with American Financial Freedom Association
*10.13	National Marketing Agreement with Great Southern Life Insurance Company
11.1	Statement regarding computation of earnings per share
15.1	Letter on unaudited interim financial information
21.1	Subsidiaries of the Registrant
*23.1	Consent of Glast, Phillips & Murray, P.C., included in Exhibit 5.1
*23.2	Consent of Cheshier & Fuller, L.L.P.
*23.3	Consent of Coopers & Lybrand, L.L.P.
23.4	Consent of James Fehleison regarding appointment as director
23.5	Consent of Gayle Tinsley regarding appointment as director
*24.1	Power of Attorney, set forth on signature page
*27.1	Financial Data Schedule
*27.2	Financial Data Schedule
*27.3	Financial Data Schedule
*27.4	Financial Data Schedule

</TABLE>

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* Filed herewith

EXHIBIT 1.1

RUSHMORE FINANCIAL GROUP, INC.

Up to

1,250,000 Shares of Common Stock

UNDERWRITING AGREEMENT

January __, 1998

First Southwest Company
Rushmore Securities Corporation
c/o First Southwest Company
1700 Pacific Avenue, Suite 500
Dallas, Texas 75201

Gentlemen:

Rushmore Financial Group, Inc., a Texas corporation (the "Company"), proposes to issue and sell up to 1,250,000 shares (the "Shares") of the Company's Common Stock, $.01 par value ("Common Stock"). The Company hereby appoints First Southwest Company and Rushmore Securities Corporation (collectively, the "Underwriters") as its exclusive agents for the purpose of finding purchasers for and selling the Shares, subject to the terms and conditions of this Agreement on a "best efforts basis," with at least 750,000 Shares required to be sold if any are sold.

The term "Representative," as used herein, shall mean First Southwest Company. Whether or not so expressed, all obligations of the Underwriters and of the Company are several in accordance with their respective interests, and not joint, and nothing herein contained shall constitute the Underwriters or the Company partners of one another.

In consideration of the mutual agreements contained herein and of the interests of the parties in the transactions contemplated hereby, the parties hereto agree as follows:

1. Representations and Warranties of the Company.

(a) The Company represents and warrants as follows:

(i) The Company has carefully prepared and filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form SB-2 (Registration No. 333-42225) with respect to the Shares in conformity with the requirements of the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively referred to as the "Act"). Copies of such registration statement, including any amendments thereto, the preliminary prospectuses (meeting the requirements of Rule 430A of the Act) contained therein and the exhibits, financial statements and schedules, as finally amended and revised, have heretofore been delivered by the Company to you. Such registration statement, herein collectively with the exhibits, schedules and financial statements, referred to as the "Registration Statement," which shall be deemed to include all information omitted therefrom in reliance upon Rule 430A and contained in the Prospectus referred to below, has been declared effective by the Commission under the Act and no post-effective amendment to the Registration Statement has been filed as of the date of this Agreement. The form of prospectus first filed by the Company with the Commission pursuant to its Rule 424(b) and Rule 430A is herein referred to as the "Prospectus." Each preliminary prospectus included in the Registration Statement prior to the time it becomes effective is herein referred to as a "Preliminary Prospectus."

(ii) The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Texas, with power and authority to own or lease its properties and conduct its business as described in the Registration Statement; the subsidiaries of the Company listed in Exhibit 21 to the Registration Statement (collectively, and including Rushmore Insurance Services, Inc., the "Subsidiaries") are the only subsidiaries of the Company, each of which has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation; each of the Subsidiaries has the power and authority to own or lease its properties and conduct its business as described in the Registration Statement; the Company and each of the Subsidiaries are duly qualified to transact business in all jurisdictions in which the conduct of their business requires such qualification; the outstanding shares of capital stock of each of the Subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable and are owned by the Company, another Subsidiary, or, in the case of Rushmore Insurance Services, Inc., by D.M. Moore, Jr., free and clear of all liens, encumbrances and security interests; and no options, warrants or other rights to purchase, agreements or other obligations to issue or other rights to convert any obligations into shares of capital stock or ownership interests in the Subsidiaries are outstanding.

(iii) All of the outstanding shares of Common Stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable and are free of any preemptive or similar rights; the Shares to

be issued and sold by the Company have been duly authorized and when issued and paid for as contemplated herein will be validly issued, fully paid, non-assessable and free of any lien, security interest or other encumbrance; and no preemptive rights of shareholders exist with respect to any of the Shares or the issue and sale thereof.

(iv) The securities of the Company conform to all statements with regard thereto contained in the Registration Statement, and the Company has an authorized and outstanding capitalization as set forth in the Prospectus.

(v) The Company and the transactions contemplated by this Agreement meet the requirements for using Form SB-2 under the Act. The Commission has not issued any order preventing or suspending the use of any Preliminary Prospectus relating to the proposed offering of the Shares nor instituted proceedings for that purpose. The Registration Statement contains and the Prospectus and any amendments or supplements thereto will contain all statements which are required to be stated therein by, and in all respects conform or will conform, as the case may be, to the requirements of, the Act. Neither the Registration Statement nor any amendment thereto, and neither the Prospectus nor any supplement thereto, contains or will contain, as the case may be, any untrue statement of a material fact or omits or will omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no representations or warranties as to information contained in or omitted from the Registration Statement or the Prospectus, or any such amendment or supplement, in reliance upon, and in conformity with, written information furnished to the Company by or on behalf of either Underwriter through the Representative specifically for use in the preparation thereof.

(vi) The consolidated financial statements of the Company and the Subsidiaries, and the consolidated financial statements of First Financial Life Companies, Inc. and its subsidiary First Financial Life Insurance Company, together with their respective related notes and schedules thereto included or incorporated by reference to the Registration Statement and the Prospectus (and any amendment or supplement thereto), present fairly the financial positions and the results of operations of the Company and the Subsidiaries consolidated and First Financial Life Insurance Company and its subsidiary consolidated, respectively, as of the dates and for the periods therein specified. Such financial statements have been prepared in accordance with generally accepted accounting principles, consistently applied throughout the periods involved, and all adjustments necessary for a fair presentation of results for such periods have been made. The summary financial and statistical data included in the Registration Statement and the Prospectus (any amendment or supplement thereto) present fairly the information shown therein and have been compiled on a basis

consistent with the financial statements presented therein and the books and records of the Company.

(vii) The pro forma financial information and the related notes thereto included in the Registration Statement (and any amendment or supplement thereto) have been prepared in accordance with the applicable requirements of the Act, include all adjustments necessary to present fairly the pro forma financial condition and results of operations at the respective dates and for the respective periods indicated and are based upon good faith estimates and assumptions believed by the Company to be reasonable.

(viii) The execution and delivery of, and the performance by the Company of its obligations under this Agreement have been duly and validly authorized by the Company, and this Agreement has been duly executed and delivered by the Company and constitutes the valid and legally binding agreement of the Company, enforceable against the Company in accordance with its terms, except as rights to indemnity and contribution hereunder may be limited by federal or state securities laws.

(ix) Except as disclosed in the Registration Statement and the Prospectuses (or any amendment or supplement thereto), subsequent to the respective dates as of which such information is given in the Registration Statement and the Prospectuses (or any amendment or supplement thereto), neither the Company nor any of the Subsidiaries has incurred any liability or obligation, direct or contingent, or entered into any transaction, not in the ordinary course of business, that is or, would be material to the Company and the Subsidiaries taken as a whole, and there has not been any change in the capital stock, or material increase in the short-term debt or long-term debt, of the Company or any of the Subsidiaries, or any material adverse change, or any development involving or which may reasonably be expected to involve, a prospective material adverse change, in the condition (financial or other), business, net worth or results of operations of the Company and the Subsidiaries taken as a whole.

(x) Except as disclosed in the Prospectus, neither the Company nor any of its Subsidiaries are in violation of any directive or order from or agreement or understanding with any state or federal securities or insurance department or commission, including but not limited to the National Association of Securities Dealers, Inc. (the "NASD"), and the Arizona Department of Insurance or any governmental authority to make any material change in the method of conducting or that restricts their respective businesses. There are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against the Company or any of the Subsidiaries, including but not limited to actions, suits or proceedings at law or in equity before any court, regulatory body or administrative agency, domestic or foreign, which might, individually or in the aggregate, prevent or adversely affect the transactions contemplated by

this Agreement or result in any material adverse change in the business or condition of the Company and of the Subsidiaries taken as a whole, except as set forth in the Registration Statement.

(xi) There are no legal or governmental proceedings pending or, to the knowledge of the Company, threatened, against the Company or any of its Subsidiaries, or to which the Company or any of the Subsidiaries, or to which any of their respective properties is subject, that are required to be described in the Registration Statement or the Prospectus but are not described as required, and there are no agreements, contracts, indentures, leases or other instruments that are required to be described in the Registration Statement or the Prospectus or to be filed as an exhibit to the Registration Statement that are not described or filed as required by the Act.

(xii) The Company and the Subsidiaries have good and indefeasible title to all of the properties and assets reflected in the financial statements (or as described in the Registration Statement) hereinabove described, subject to no lien, mortgage, pledge, charge or encumbrance of any kind except those reflected in such financial statements (or as described in the Registration Statement) or which are not material in amount. The Company occupies all leased property under valid, subsisting and enforceable leases.

(xiii) The Company and the Subsidiaries have filed all tax returns which have been required to be filed, which returns are complete and correct, and have paid all taxes indicated by said returns and all assessments received by them or any of them to the extent that such taxes have become due.

(xiv) Since the respective dates as of which information is given in the Registration Statement, as it may be amended or supplemented, there has not been any material adverse change or any development involving a prospective material adverse change in or affecting the condition, financial or otherwise, of the Company and its Subsidiaries taken as a whole or the earnings, business affairs, management or business prospects of the Company and its Subsidiaries taken as a whole, whether or not occurring in the ordinary course of business, and there has not been any material transaction entered into by the Company or the Subsidiaries, other than transactions in the ordinary course of business and changes and transactions contemplated by the Registration Statement, as it may be amended or supplemented. The Company and the Subsidiaries have no material contingent obligations which are not disclosed in the Registration Statement, as it may be amended or supplemented.

(xv) The Company has not distributed and, prior to the later to occur of (i) the Closing Date or (ii) completion of the distribution of the Shares, will not distribute any offering material in connection with the

offering and sale of the Shares other than the Registration Statement, the Prepricing Prospectuses, the Prospectuses or other materials, if any, permitted by the Act.

(xvi) The Company maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(xvii) To the Company's knowledge, neither the Company nor any of the Subsidiaries nor any employee or agent of the Company or any Subsidiary has made any payment of funds of the Company or any Subsidiary or received or retained any funds in violation of any law, rule or regulation, which payment, receipt or retention of funds is of a character required to be disclosed in the Prospectuses.

(xviii) No holder of any security of the Company has or, will have any right to require registration of shares of Common Stock or any other security of the Company because of the filing of the Registration Statement or consummation of the transactions contemplated by this Agreement.

(xix) The Company and the Subsidiaries own or possess all patents, trademarks, trademark registrations, service marks, service mark registrations, trade names, copyrights, licenses, inventions, trade secrets and rights described in the Prospectuses as being owned by them or any of them or necessary for the conduct of their respective businesses, except where the failure so to own or possess will not have, individually or in the aggregate, a material adverse effect on the condition (financial or other), business, properties, net worth or results of operations of the Company and the Subsidiaries taken as a whole (a "Material Adverse Effect"), and the Company is not aware of any claim to the contrary or any challenge by any other person to the rights of the Company and the Subsidiaries with respect to the foregoing, except as otherwise disclosed in the Prospectuses and except such claims or challenges as will not have, individually or in the aggregate, a Material Adverse Effect.

(xx) The Company is not now, and after sale of the Shares to be sold by it hereunder and application of the net proceeds from such sale as described in the Prospectuses under the caption "Use of Proceeds" will not be, an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended.

(xxi) The Company has complied with all provisions of Florida Statutes, (S)517.075, relating to issuers doing business with Cuba.

(xxii) Neither the Company nor any of the Subsidiaries is in default under any agreement, lease, contract, indenture or other instrument or obligation to which it is a party or by which it or any of its properties is bound and which default is of material significance in respect of the business or financial condition of the Company and the Subsidiaries taken as a whole. The execution and delivery of this Agreement, the Warrant Agreement to be executed and delivered (the "Warrant Agreement"), the Stock Purchase Warrant (the "Warrant") to be delivered pursuant to the Warrant Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of the terms hereof and thereof will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument to which the Company or any Subsidiary is a party, or of the Articles of Incorporation, as amended, or bylaws of the Company or any order, rule or regulation applicable to the Company or any Subsidiary of any court or of any regulatory body or administrative agency or other governmental body having jurisdiction.

(xxiii) Each approval, consent, order, authorization, designation, declaration or filing by or with any regulatory, administrative or other governmental body necessary in

connection with the execution and delivery by the Company of this Agreement and the consummation of the transactions herein contemplated has been obtained or made and is in full force and effect.

(xxiv) The Company and each of the Subsidiaries hold all licenses, certificates and permits from governmental authorities that are necessary to the ownership of properties and the conduct of their businesses as described in the Registration Statement; and neither the Company nor any of the Subsidiaries has infringed any patents, patent rights, trade names, trademarks or copyrights, which infringement is material to the business of the Company and the Subsidiaries taken as a whole.

(xxv) Each of the Company and the Subsidiaries has such permits, licenses, franchises and authorizations of governmental or regulatory authorities ("Permits") as are necessary to own its respective properties and to conduct its business in the manner described in the Prospectuses, subject to such qualifications as may be set forth in the Prospectuses, except where the failure to have such Permits would not have, individually or in the aggregate, a Material Adverse Effect; the Company and each of the Subsidiaries has fulfilled and performed all its material obligations with respect to such Permits and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or

results in any other revocation or termination thereof or results in any other impairment of the rights of the holder of any such permit which might have, individually or in the aggregate, a Material Adverse Effect, subject in each case to such qualification as may be set forth in the Prospectuses; and, except as described in the Prospectuses, none of such permits contains any restriction that is materially burdensome to the Company or any of the Subsidiaries.

(xxvi) Cheshier & Fuller, L.L.P. and Coopers & Lybrand, L.L.P., each of whom have rendered reports on certain of the financial statements filed with the Commission as part of the Registration Statement, are independent public accountants as required by the Act.

(xxvii) The Company is conducting business in compliance with all applicable laws, rules and regulations of the jurisdictions in which it is conducting business, including but not limited to all applicable local, state and federal securities and insurance laws and regulations and all regulations, decisions, directives, orders and policies of the NASD and any state or federal securities or insurance department or commission; except where failure to be so in compliance would not materially adversely affect the condition (financial or otherwise), business, results of operations or prospects of the Company and the Subsidiaries taken as whole.

(xxviii) The Company has all requisite power and authority, and has taken all necessary corporate action, to authorize, execute, deliver and perform the Warrant Agreement, to execute, issue, sell and deliver the Warrant and a certificate or certificates evidencing the Warrant, to authorize and reserve for issuance and, upon payment from time to time of the exercise price, to issue, sell and deliver, the shares of the Common

Stock issuable upon exercise of the Warrant, and to perform all of its obligations under the Warrant Agreement and the Warrant. The Warrant Agreement has been duly executed and delivered by the Company and is a legal, valid and binding agreement of the Company enforceable in accordance with its terms, except to the extent enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and by general principles of equity. No authorization, approval, consent or other order of any governmental authority is required for such authorization, issue or sale except to the extent required by applicable federal and state securities laws.

(xxix) The Warrant, when delivered to the Underwriter, will be duly authorized, executed and delivered and will be a legal, valid and binding obligation of the Company enforceable in accordance with its terms, except to the extent enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and by general principles of equity. The shares of Stock of the Company, when issued upon exercise of the Warrant, will have been duly

authorized for issuance and, when issued in accordance with the terms of the Warrant Agreement, will be validly issued and outstanding, fully paid and nonassessable and free of statutory preemptive rights.

2. Purchase, Sale and Delivery of the Shares.

(a) Subject to the terms and conditions herein set forth, the Company hereby appoints the Underwriters as its exclusive agents for a period of 45 days (which period may be extended up to 15 days by written agreement between the Representative and the Company) commencing on the effective date under the Act of the Registration Statement (the "Effective Date") for the purpose of offering the Shares as provided in this Agreement on a "best efforts basis," with at least 750,000 Shares required to be sold if any are sold. The Underwriters agree to use their best efforts to sell the Shares as the Company's agent. It is understood and agreed that there is no firm commitment on the Underwriters' part to purchase any of the Shares.

The Underwriters will offer on behalf of the Company, the Shares hereunder at a price of $5.50 per share. The Underwriters will be entitled to a commission of 8% on each Share sold by the Underwriters on behalf of the Company, such commission payable by the Company on the Closing Date from the funds deposited in the special bank escrow account described in paragraph (b) hereof. The Underwriters may, in their discretion, offer a part of the Shares to dealers who are members of the NASD, selected by the Underwriters, at such price less a concession not to exceed $_____ per share and the Underwriters may form and manage a selling group of such selected dealers.

(b) All funds received from subscribers of Shares will be deposited by the Underwriters in a special noninterest bearing escrow account (or, if invested, such investment will only be made in permissible investments under SEC Rule 15c2-4) to be maintained by the Underwriters for the account of the Company at Bank One Texas, N.A., Dallas, Texas. All funds, represented by check or otherwise, shall be made payable to "Rushmore Financial Group, Inc. Escrow Account." On the Closing Date, the Representative will distribute the funds then

deposited in such special bank escrow account, as their interests may appear, to the Company, selected dealers and to the Underwriters.

In the event this Agreement is terminated prior to the Closing Date for any reason whatsoever, the Underwriters shall promptly refund to the subscribers of the Shares all funds which have been received from them by the Underwriters without interest.

All costs, expenses and charges incurred in connection with the special bank escrow account shall be paid by the Company.

(c) It is understood and agreed that if at least 750,000 Shares are

not sold by the Underwriters pursuant to this Agreement during the offering, this Agreement shall terminate and all funds deposited in the special bank escrow account described in paragraph (b) hereof shall be promptly refunded in full to the subscribers without interest or deduction. In such event neither party hereto shall have any liability to the other hereunder except that the Company shall pay to the Underwriters their non-accountable expense reimbursement in connection with the offering of $75,000.00.

(d) Closing of the offering will take place at the offices of Glast, Phillips and Murray at 9:00 a.m., Central Time, on the earlier of (i) five days from the date on which all of the Shares have been sold, or (ii) 45 days from the Effective Date (which date may be extended up to 15 days from the Effective Date by written Agreement between the Underwriters and the Company), said date being herein called the "Closing Date." Certificates for the Shares registered in such a manner and in such denominations as the Underwriters may request will be delivered to the Underwriters so that the Underwriters may examine and package such certificates for delivery no later than ten full business days after the Closing Date.

3. Covenants of the Company. The Company covenants and agrees with the Underwriters that:

(a) The Company will (i) prepare and timely file with the Commission under Rule 424(b) of the Act a Prospectus containing information previously omitted at the time of effectiveness of the Registration Statement in reliance on Rule 430A of the Act and (ii) not file any amendment to the Registration Statement or supplement to the Prospectus of which the Underwriters shall not previously have been advised and furnished with a copy and such reasonable amount of time as is necessitated by the complexity of such amendment or supplement or to which the Underwriters shall have reasonably objected or which is not in compliance with the Act.

(b) The Company will furnish to the Underwriters and dealers selected by the Underwriters as soon as possible after the Effective Date and thereafter from time to time during the period of 90 days after the initial public offering of the Shares (or for such longer period after the Effective Date as in the opinion of the Underwriters' counsel, the Prospectus is required by law to be delivered in connection with sales of the Shares by the Underwriters or a dealer) as many copies of the Prospectus (and of any amended or supplemented Prospectus) as the

Underwriters may reasonably request. The Company consents to the use of the Prospectus (and of any amendment or supplement thereto) in accordance with the provisions of the Act and with the securities or Blue Sky laws of the jurisdiction in which the Shares are offered and by all dealers to whom the Shares may be sold, both in connection with the offering and sale of the Shares and for such period of time thereafter as the Prospectus is required by the Act

to be delivered in connection with the sale of the Shares by you or any dealer. If during such period any event occurs as a result of which, in the judgment of the Company or in the opinion of counsel for the Underwriters, the Prospectus, as then amended or supplemented, would include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, or it shall be necessary to amend or supplement the Prospectus to comply with law or with the Act, the Company will promptly notify the Underwriters thereof and on the Underwriters' request prepare and furnish to the Underwriters and dealers selected by the Underwriters, in such quantity as the Underwriters and such dealers may reasonably request, an amendment or supplement which will correct such statement or omission or cause the Prospectus to comply with law and with the Act, so that the Prospectus as so amended or supplemented will not, in the light of the circumstances when it is so delivered, be misleading, or so that the Prospectus will comply with any law. In the event that you and the Company agree that the Prospectus should be amended or supplemented, the Company, if requested by you, will promptly issue a press release announcing or disclosing the matters to be covered by the proposed amendment or supplement.

(c) The Company will use its best efforts to cause the Registration Statement to become effective and will promptly advise the Underwriters, and will confirm such advice in writing, (i) when the Registration Statement or any post effective amendment thereto shall have become effective, and when any amendment of or supplement to the Prospectus is filed with the Commission; (ii) when the Commission shall make a request or suggestion for any amendment to the Registration Statement or for supplement to the Prospectus or for additional information and the nature and substance thereof; (iii) the receipt of any comments from the Commission or any state securities commission or regulatory authority that relate to the Registration Statement or requests by any state securities commission or regulatory authority for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information; (iv) as soon after the execution and delivery of this Agreement as practicable and thereafter from time to time for such period as in the opinion of counsel for the Underwriters a Prospectus is required by the Act to be delivered in connection with the sale of the Shares, of any change in the Company's condition (financial or other), business, prospects, properties, net worth or results of operations, or of the happening of any event, which makes any statement of a material fact made in the Registration Statement or the Prospectus (as then amended or supplemented) untrue or which requires the making of any additions to or changes in the Registration Statement or the Prospectus (as then amended or supplemented) in order to state a material fact required by the Act or the regulations thereunder to be stated therein or necessary in order to make the statements therein not misleading, or of the necessity to amend or supplement the Prospectus (as then amended or supplemented) to comply with the Act or any other law; and (v) of the issuance by the Commission of a stop order suspending the effectiveness of the Registration Statement or the suspension of the qualification of the Shares for sale in any jurisdiction, or of the initiation or threatening of any proceedings for that purpose, and will use

its best efforts to prevent the issuance of such a stop order, or if such order shall be issued, to obtain the withdrawal thereof at the earliest possible moment.

(d) The Company will cooperate with you and with counsel for the Underwriters in connection with the registration or qualification of the Shares for offering and sale by you and by dealers under the securities or Blue Sky laws of such jurisdictions as you may designate and will file such consents to service of process or other documents necessary or appropriate in order to effect such registration or qualification and take all action necessary during the period of twelve months after the Registration Statement becomes effective to keep qualification of the Shares in good standing under such laws ; provided that, in no event shall the Company be obligated to qualify to do business in any jurisdiction where it is not now so qualified or to take any action which would subject it to service of process in suits, other than those arising out of the offering or sale of the Shares in any jurisdiction where it is not now so subject. Said qualification of the Shares under the securities laws of the said states shall be effected by the Underwriters' counsel and the Company shall pay the legal fees therefor and all other expenses incident thereto.

(e) The Company will deliver to the Underwriters at or before the Closing Date, three signed copies of the Registration Statement as originally filed with the Commission and all amendments thereto including all financial statements, exhibits and schedules filed therewith, and will deliver to the Underwriters such number of conforming copies of the Registration Statement, but without exhibits, and of all amendments thereto, as the Underwriters may reasonably request.

(f) The Company will make generally available to its security holders, as soon as it is practicable to do so, but in any event not later than 15 months after the effective date of the Registration Statement, a consolidated earnings statement (which need not be audited) in reasonable detail, covering a period of at least 12 consecutive months beginning after the effective date of the Registration Statement, which earnings statement shall satisfy the requirements of Section ll(a) of the Act and Rule 158 of the Act and will advise the Underwriters in writing when such statement has been so made available.

(g) The Company will for a period of five years from the Closing Date, deliver to the Underwriters copies of annual reports and copies of all other documents, reports and information furnished by the Company to its shareholders or filed with any securities exchange pursuant to the requirements of such exchange or with the Commission pursuant to the Act or the Exchange Act. The Company will deliver to the Underwriters similar reports with respect to significant subsidiaries, as that term is defined in the Act, which are not consolidated in the Company's financial statements.

(h) For one hundred eighty days after the Closing Date neither the Company nor any of the officers, directors and significant shareholders of the Company, will, without the Representative's prior written consent, sell or otherwise dispose of any Common Stock of the Company except pursuant to a "Lock-

Up Agreement" acceptable to the Representative.

(i) The Company will apply for and utilize the proceeds from the sale of the Shares in the manner described in the Prospectus.

(j) The Company will apply for and use its best efforts to obtain authorization for including the Shares in The Nasdaq SmallCap Market and will register under Section 12(g) of the Securities Act of 1934, each as of the earliest practicable time after completion of the Offering.

(k) The Company will, within one hundred and twenty days from completion of the offering, apply for "listing" in national recognized corporate reports or manuals conforming for trading under certain Blue-Sky laws and maintain such "listing" on a current basis.

(l) The Company shall not have failed at or prior to the Closing Date to have performed or complied with any of its agreements herein contained and required to be performed or complied with by it hereunder at or prior to the Closing Date.

(m) Except as stated in this Agreement and in the Preliminary Prospectus, the Company has not taken, nor will it take, directly or indirectly, any action designed to or that might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares.

4. Costs and Expenses. The Company will pay all costs, expenses and fees incident to the performance of the obligations of the Company under this Agreement, including, without limiting the generality of the foregoing, the following: accounting fees of the Company; the fees and disbursements of counsel for the Company; the cost of printing and delivering to, or as requested by, the Underwriters copies of the Registration Statement, Preliminary Prospectuses, the Prospectus, this Agreement, the Underwriters' Selling Memorandum, the Listing Application, the Blue Sky Survey and any supplements or amendments thereto; the filing fees of the Commission; the filing fees and expenses incident to securing any required review by the NASD of the terms of the sale of the Shares; the application fee of The Nasdaq SmallCap Market and the expenses, including but not limited to the fees and disbursements of counsel for the Underwriters, incurred in connection with the qualification of the Shares under state securities or Blue Sky laws and an accountable expense allowance payable to the Underwriters to cover the Underwriters' expenses incidental to the offering. The cumulative total amount of all expenses which the Company shall reimburse to you shall be $75,000.00 (exclusive of blue-sky registration and legal fees which shall be paid by the Company) paid on a non-accountable basis. The Company will pay the Underwriters the balance of this accountable expense allowance at the closing. Except as otherwise provided above, the Company shall not be required to pay for any of the Underwriters' expenses except that, if this Agreement

shall not be consummated because the conditions in Section 5 hereof are not satisfied, or because this Agreement is terminated by the Representative pursuant to Section 9 hereof, or by reason of any failure, refusal or inability on the part of the Company to perform any undertaking or satisfy any condition of this Agreement or to comply with any of the terms hereof on their part to be performed, unless such failure to satisfy said condition or to comply with said terms be due to the default or omission of the Underwriters, then the Company shall reimburse the Underwriters for reasonable out-of-pocket

expenses, including but not limited to fees and disbursements of counsel, reasonably incurred in connection with investigating, marketing and proposing to market the Shares or in contemplation of performing their obligations hereunder, but the Company shall not in any event be liable to any of the Underwriters for damages on account of loss of anticipated profits from the sale by it of the Shares.

5. Conditions of Obligations of the Underwriters. The obligations of the Underwriters are subject to the accuracy, as of the Closing Date, of the representations and warranties of the Company contained herein, and to the performance by the Company of its covenants and obligations hereunder and to the following additional conditions:

(a) No stop order suspending the effectiveness of the Registration Statement, as amended from time to time, shall have been issued and no proceedings for that purpose shall have been taken or, to the knowledge of the Company, shall be contemplated by the Commission.

(b) The Representative shall have received on the Closing Date the opinion of Glast, Phillips & Murray, counsel for the Company, dated the Closing Date, addressed to the Underwriters to the effect that:

(i) The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Texas, with power and authority to own or lease its properties and conduct its business as described in the Prospectus; each of the Subsidiaries, has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, with power and authority to own or lease its properties and conduct its business as described in the Prospectus.

(ii) The Company and each of the Subsidiaries are duly qualified to transact business in all jurisdictions in which the failure to qualify would have a materially adverse effect upon the business of the Company and the Subsidiaries taken as a whole; and the outstanding shares of capital stock of each of the Subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable and are owned by the Company, another Subsidiary, or, in the case of Rushmore Insurance Services, Inc.,

by D.M. Moore, Jr., free and clear of all liens, encumbrances and security interests; and, to the best of such counsel's knowledge, the outstanding shares of capital stock of the Subsidiaries are owned free and clear of all liens, encumbrances and security interests, and no options, warrants or other rights to purchase, agreements or other obligations to issue or other rights to convert any obligations into any shares of capital stock or of ownership interests in the Subsidiaries are outstanding.

(iii) The execution and delivery of, and the performance by the Company of its obligations under this Agreement have been duly and validly authorized by the Company, and this Agreement has been duly executed and delivered by the Company and constitutes the valid and legally binding agreement of the Company, enforceable against the Company

in accordance with its terms, except as rights to indemnity and contribution hereunder may be limited by federal or state securities laws.

(iv) The Company has authorized and outstanding capital stock as set forth under the caption "Description of Securities" in the Prospectus; the authorized shares of its Common Stock have been duly authorized; the outstanding shares of its Common Stock have been duly authorized and validly issued and are fully paid and non-assessable; all of the Shares conform to the description thereof contained in the Prospectus; the certificates for the Shares are in due and proper form; the shares of Common Stock to be sold by the Company pursuant to this Agreement have been duly authorized and will be validly issued, fully paid and non-assessable when issued and paid for as contemplated by this Agreement; and no preemptive rights of shareholders exist with respect to any of the Shares or the issue and sale thereof.

(v) No holder of any security of the Company other than First Southwest Company has or, will have any right to require registration of shares of Common Stock or any other security of the Company because of the filing of the Registration Statement or consummation of the transactions contemplated by this Agreement.

(vi) The Registration Statement and all post-effective amendments, if any, have become effective under the Act, and no stop order suspending the effectiveness of the Registration Statement, as amended from time to time, shall have been issued and no proceedings with respect thereto have been instituted or are pending or indicated by the Commission under the Act. In addition, any required filing of the Prospectus pursuant to Rule 424(b) has been made.

(vii) The Company is not now, and after sale of the Shares to be sold by it hereunder and application of the net proceeds from such sale as described in the Prospectuses under the caption "Use of Proceeds" will not be, an "investment company" or a company "controlled" by an investment

company within the meaning of the Investment Company Act of 1940, as amended.

(viii) The Registration Statement, all Preliminary Prospectuses, the Prospectus and each amendment or supplement thereto comply as to form in all material respects with the requirements of the Act (except that such counsel need express no opinion as to the financial statements, schedules and other financial information included therein).

(ix) The statements under the captions "Business", "Description of Securities" and "Shares Eligible for Future Sale" in the Prospectus, insofar as such statements constitute a summary of documents referred to therein or matters of law, are accurate summaries and fairly and correctly present the information called for with respect to such documents and matters.

(x) Such counsel does not know of any contracts or documents required to be filed as exhibits to the Registration Statement or described in the Registration Statement

or the Prospectus which are not so filed or described as required, and such contracts and documents as are summarized in the Registration Statement or the Prospectus are fairly summarized in all material respects.

(xi) Except as disclosed in the Prospectus, neither the Company nor any of its Subsidiaries are in violation of any directive or order from or agreement or understanding with any state or federal securities or insurance department or commission, including but not limited to the NASD and the Arizona Department of Insurance, or any governmental authority to make any material change in the method of conducting or that restricts their respective businesses. Such counsel knows of no actions, suits or proceedings pending or threatened against the Company or any of the Subsidiaries, including but not limited to actions, suits or proceedings at law or in equity before any court, regulatory body or administrative agency, domestic or foreign, which might, individually or in the aggregate, prevent or adversely affect the transactions contemplated by this Agreement or result in any material adverse change in the business or condition of the Company or the Subsidiaries taken as a whole, except as set forth in the Registration Statement.

(xii) The execution and delivery of this Agreement, the Warrant Agreement and the consummation of the transactions herein and therein contemplated do not and will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the Articles of Incorporation, as amended, bylaws, or other organizational documents, of the Company or any of its Subsidiaries, or any agreement or instrument known to such counsel to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries may be bound or,

violate any law, statute, judgment, decree, order, rule or regulation of any court or governmental body having jurisdiction over the Company or any of its Subsidiaries or any of its or their property; there is no regulatory cease and desist order or other order, memorandum of understanding or agreement between the Company or any of its Subsidiaries and any state or federal securities or insurance department or commission, including, but not limited to, the NASD, that would govern, limit or prohibit the Company from entering into and performing its obligations under this Agreement.

(xiii) No approval, consent, order, authorization, designation, declaration or filing by or with any regulatory, administrative or other governmental body, including but not limited to any state or federal securities or insurance department or commission, including, but not limited to, the NASD, is necessary in connection with the execution and delivery of this Agreement and the consummation of the transactions herein contemplated (other than as may be required by the NASD or as required by State securities or Blue Sky laws as to which such counsel need express no opinion) except such as have been obtained or made, specifying the same.

(xiv) Neither the Company nor any of the Subsidiaries is in violation of its respective certificate or articles of incorporation or bylaws, or other organizational documents.

(xv) The Company has not been advised, and has no reason to believe, that either it or any of its Subsidiaries is not conducting business in compliance with all applicable laws, rules and regulations of the jurisdictions in which it is conducting business, including, without limitation, all applicable local, State and Federal environmental laws and regulations and all regulations, decisions, directives, orders and policies of applicable state or federal securities or insurance department or commissions, including but not limited to the NASD and the Arizona Department of Insurance; except where failure to be so in compliance would not materially adversely affect the condition (financial or otherwise), business, results of operations or prospects of the Company and the Subsidiaries taken as whole.

(xvi) The Company has all requisite corporate power and authority, and has taken all necessary corporate action, to authorize, execute, deliver and perform the Warrant Agreement, to execute, issue, sell and deliver the Warrant and a certificate or certificates evidencing the Warrant, to authorize (and adopt resolutions that approve and adopt the terms of the Warrant Agreement, including the obligation to reserve for issuance the Shares issuable upon the Warrant) and, upon payment of the exercise price, to issue, sell and deliver, the shares of the Stock issuable upon exercise of the Warrant, and to perform all of its obligations under the Warrant Agreement and the Warrant. The Warrant Agreement has been duly executed and delivered by the Company and will be a legal, valid and binding agreement of the Company enforceable in accordance

with its terms, except to the extent enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally, by general principles of equity. No authorization, approval, consent or other order of any governmental authority is required for such authorization, issue or sale except to the extent required by applicable federal and state securities laws.

(xvii) The Warrant, when delivered to the Underwriter, will be duly authorized, executed and delivered and will be a legal, valid and binding obligation of the Company enforceable in accordance with its terms, except to the extent enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally, by general principles of equity. The shares of Common Stock of the Company, when issued upon exercise of the Warrant, will have been duly authorized for issuance and, when issued in accordance with the terms of the Warrant Agreement, will be validly issued and outstanding, fully paid and nonassessable and free of statutory preemptive rights.

(xviii) Such counsel has discussed the Registration Statement and the Prospectus with the officers of the Company and has participated in the preparation of the Registration Statement and the Prospectus, including review and discussion of the contents thereof, and based thereon nothing has come to the attention of such counsel that has caused him to believe that the Registration Statement at the time the Registration Statement became effective, or the Prospectus, as of its date and as of the Closing Date, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that any amendment or

supplement to the Prospectus, as of its respective date, and as of the Closing Date contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (it being understood that such counsel need express no opinion with respect to the financial statements and the notes thereto and the schedules and other financial and statistical data included in the Registration Statement or the Prospectus).

(xix) To the best knowledge of such counsel, neither the Company nor any of the Subsidiaries is in default in the performance of any material obligation, agreement or condition contained in any bond, debenture, note, line of credit or other evidence of indebtedness, or in any contract, agreement, lease or other instrument to which the Company or any of the Subsidiaries is a party, or by which any of them or any of their respective properties is bound that is an exhibit to the Registration Statement or to any document incorporated by reference, or is known to such counsel after reasonable inquiry, or will result in the creation or imposition of any lien, charge or incumbrance upon any property or assets of the Company or

any of the Subsidiaries, except as may be disclosed in the Prospectus, and except for such defaults as would not have, individually or in the aggregate, a Material Adverse Effect.

In rendering such opinion Glast, Phillips & Murray may rely as to matters governed by the laws of states other than Texas or Federal laws on local counsel in such jurisdictions, provided that in each case Glast, Phillips & Murray shall state that they believe that they and the Underwriter are justified in relying on such other counsel. In addition to the matters set forth above, such opinion shall also include a statement to the effect that nothing has come to the attention of such counsel which leads them to believe that the Registration Statement, as of the time it became effective under the Act, the Prospectus or any amendment or supplement thereto, on the date it was filed pursuant to Rule 424(b) and the Registration Statement and the Prospectus, or any amendment or supplement thereto, as of the Closing Date, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading (except that such counsel need express no view as to financial statements, schedules and other financial information included therein). With respect to such statement, Glast, Phillips & Murray may state that their belief is based upon the procedures set forth therein, but is without independent check and verification.

(c) The Representatives shall have received on the Closing Date the opinion of Thompson & Knight, P.C., counsel for the Underwriters, dated the Closing Date, addressed to the Underwriters substantially to the effect specified in subparagraphs (i), (iii), (vi) and (xvii) of Paragraph (b) of this Section 5, and such other related matters as you may request.

(d) The Company and Representative shall have received at or prior to the Closing Date from Thompson & Knight, P.C. a memorandum or summary, in form and substance satisfactory to the Representative, with respect to the qualification for offering and sale by the Underwriters of the Shares under the state securities or Blue Sky laws of such jurisdictions as the Representative may reasonably have designated to the Company.

(e) The Representative shall have received on the Closing Date a signed letter from Cheshier & Fuller, L.L.P. and Coopers & Lybrand, L.L.P. dated the date hereof and the Closing Date substantially in form and substance satisfactory to the Representatives.

(f) The Representatives shall have received on the Closing Date a certificate or certificates of the Chief Executive Officer and the Chief Financial Officer of the Company to the effect that, as of the Closing Date, each of them severally represents as follows:

(i) The Registration Statement has become effective under the Act and no stop order suspending the effectiveness of the Registration

Statement has been issued, and no proceedings for such purpose have been taken or are, to his knowledge, contemplated by the Commission.

(ii) He does not know of any litigation instituted or threatened against the Company of a character required to be disclosed in the Registration Statement which is not so disclosed; he does not know of any material contract required to be filed as an exhibit to the Registration Statement which is not so filed; and the representations and warranties of the Company contained in Section 1 hereof are true and correct as of the Closing Date.

(iii) He has carefully examined the Registration Statement and the Prospectus and, in his opinion, as of the effective date of the Registration Statement, the statements contained in the Registration Statement were true and correct, and such Registration Statement and Prospectus did not omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading and, in his opinion, since the effective date of the Registration Statement, no event has occurred which should have been set forth in a supplement to or an amendment of the Prospectus which has not been so set forth in such supplement or amendment.

(g) The Company shall have furnished to the Representative such further certificates and documents confirming the representations and warranties contained herein and related matters as the Representative may reasonably have requested.

(h) The Shares have been approved for designation upon notice of issuance on The Nasdaq SmallCap Market.

(i) The Company shall have executed and delivered to the Representative the Warrant pursuant to and in the form of the Warrant Agreement.

(j) (i) No stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been taken or, to the knowledge of the Company, shall be contemplated by the Commission at or prior to the Closing Date; (ii) there shall not have been any change in the capital stock of the Company nor any material increase in the short-term or long-term debt of the Company (other than in the ordinary course of business) from that set forth or contemplated in the Registration Statement or the

Prospectus (or any amendment or supplement thereto); (iii) there shall not have been, since the respective dates as of which information is given in the Registration Statement and the Prospectus (or any amendment or supplement thereto), except as may otherwise be stated in the Registration Statement and Prospectus (or any amendment or supplement thereto), any material adverse change in the condition (financial or other), business, prospects, properties, net

worth or results of operations of the Company and the Subsidiaries taken as a whole; (iv) the Company and the Subsidiaries shall not have any liabilities or obligations, direct or contingent (whether or not in the ordinary course of business), that are material to the Company and the Subsidiaries, taken as a whole, other than those reflected in the Registration Statement or the Prospectus (or any amendment or supplement thereto); and (v) all the representations and warranties of the Company contained in this Agreement shall be true and correct on and as of the date hereof and on and as of the Closing Date as if made on and as of the Closing Date, and you shall have received a certificate, dated the Closing Date, and signed by the chief executive officer and the chief financial officer of the Company (or such other officers as are acceptable to you), to the effect set forth in this Section 5(f) and in Section 5(g) hereof.

(k) The Company shall not have failed at or prior to the Closing Date to have performed or complied with any of its agreements herein contained and required to be performed or complied with by it hereunder at or prior to the Closing Date.

(l) Each condition to the closing of the Common Stock offering shall have been satisfied or, with the Underwriters' specific approval, waived. On the Closing Date, the closing of the Common Stock offering shall have been consummated on terms that conform in all material respects to the description thereof in the Registration Statement and Prospectus and the Underwriters shall have received evidence satisfactory to the Underwriters of the consummation thereof.

The opinions and certificates mentioned in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in all material respects satisfactory to the Representative and to Thompson & Knight, P.C., counsel for the Underwriters.

If any of the conditions hereinabove provided for in this Section 5 shall not have been fulfilled when and as required by this Agreement to be fulfilled, the obligations of the Underwriters hereunder may be terminated by the Representative by notifying the Company of such termination in writing or by telegram at or prior to the Closing Date. In such event, the Company and the Underwriters shall not be under any obligation to each other (except to the extent provided in Sections 4 and 7 hereof).

6. Conditions of the Obligations of the Company. The obligations of the Company to sell and deliver the portion of the Shares required to be delivered as and when specified in this Agreement are subject to the conditions that at the Closing Date no stop order suspending the effectiveness of the Registration Statement shall have been issued and in effect or proceedings therefor initiated or threatened.

7. Indemnification.

(a) The Company agrees to indemnify and hold harmless each Underwriter, its agents, directors, officers and each person, if any, who controls such Underwriter within the meaning of the Act against any losses, claims, damages or liabilities to which such Underwriter or controlling person may become subject under the act or otherwise, insofar as such losses, claims, damages, or liabilities (or actions or proceedings in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto, or (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; and will reimburse each Underwriter and each such controlling person for any legal or other expenses reasonably incurred by such Underwriter or such controlling person in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding; provided, however, that (i) the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement, or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Prospectus, or such amendment or supplement, in reliance upon and in conformity with written information furnished to the Company by or through the Underwriters specifically for use in the preparation thereof and (ii) such indemnity with respect to any related Preliminary Prospectus shall not inure to the benefit of any Underwriter (or any person controlling the Underwriter) from whom the person asserting any such loss, claim, damage or liability purchases Common Stock if such person did not receive a copy of the Prospectus at or prior to the confirmation of the sale of such Common Stock to such person in any case where such delivery is required by the Act and the untrue statement or omission of material fact contained in the related Preliminary Prospectus was corrected in the Prospectus, unless such failure to deliver the Prospectus was a result of the Company's failure to deliver the Prospectus to the Underwriters in requisite quantity on a timely basis to permit such delivery or sending. This indemnity agreement will be in addition to any liability which the Company may otherwise have.

(b) Each Underwriter will jointly and severally indemnify and hold harmless the Company, each of its directors, each of its officers who have signed the Registration Statement, and each person, if any, who controls the Company within the meaning of the Act, against any losses, claims, damages or liabilities to which the Company or any such director, officer or controlling person may become subject under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were

made; and will reimburse any legal or other expenses reasonably incurred by the Company or any such director, officer or controlling person in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding; provided, however, that each Underwriter will be liable in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement

or omission or alleged omission has been made in the Registration Statement, any Preliminary Prospectus, the Prospectus or such amendment or supplement, in reliance upon and in conformity with written information furnished to the Company by or through the Underwriters specifically for use in the preparation thereof. This indemnity agreement will be in addition to any liability which such Underwriter may otherwise have.

(c) In case any proceeding (including but not limited to any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to this Section 7, such person (the "indemnified party") shall promptly notify the person against whom such indemnity may be sought (the "indemnifying party") in writing. No indemnification provided for in Section 7(a) or (b) shall be available to any party who shall fail to give notice as provided in this Section 7(c) if the party to whom notice was not given was unaware of the proceeding to which such notice would have related and was prejudiced by the failure to give such notice, but the failure to give such notice shall not relieve the indemnifying party or parties from any liability which it or they may have to the indemnified party or parties from any liability which it or they may have to the indemnified party for contribution or otherwise than on account of the provisions of Section 7(a) or (b). In case any such proceeding shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party and shall pay as incurred the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel at its own expense. Notwithstanding the foregoing, the indemnifying party shall pay as incurred the fees and expenses of the counsel retained by the indemnified party in the event (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including but not limited to any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm for all such indemnified parties. Such firm shall be designated in writing by you in the case of parties indemnified pursuant to Section 7(a) and by the Company and the Selling Shareholders in the case of parties

indemnified pursuant to Section 7(b). The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment.

(d) If the indemnification provided for in this Section 7 is unavailable to or insufficient to hold harmless an indemnified party under Section 7(a) or (b) above in respect of any losses, claims, damages or liabilities (or actions or proceedings in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) in such proportion as is appropriate to reflect the relative benefits

received by the Company on the one hand and the Underwriter on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under Section 7(c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriter on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions or proceedings in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriter, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section 7(d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions or proceedings in respect thereof) referred to above in this Section 7(d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), (i) no Underwriter shall be required to contribute any amount in

excess of the underwriting discounts and commissions applicable to the Shares purchased by such Underwriter and (ii) no person guilty of fraudulent misrepresentation (with in the meaning of Section ll(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriter's obligations in this Section 7(d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) In any proceeding relating to the Registration Statement, any Preliminary Prospectus, the Prospectus or any supplement or amendment thereto, each party against whom contribution may be sought under this Section 7 hereby consents to the jurisdiction of any court having jurisdiction over any other contributing party, agrees that process issuing from such court may be served upon him or it by any other contributing party and consents to the service of such process and agrees that any other contributing party may join him or it as an additional defendant in any such proceeding in which such other contributing party is a party.

8. Notices. All communications hereunder shall be in writing and, except as otherwise provided herein, will be mailed, delivered or telegraphed and confirmed as follows: if to the Underwriters, to First Southwest Company, 1700 Pacific Avenue, Suite 500, Dallas,

Texas 75201, Attention: Michael Nguyen; if to the Company, to Rushmore Financial Group, Inc., 13355 Noel Road, Suite 650, Dallas, Texas 75240, Attention: D.M. Moore, Jr.

9. Termination. This Agreement may be terminated by you by notice to the Company as follows:

(a) at any time prior to the earlier of (i) the time the Shares are released by you for sale by notice to the Underwriters, or (ii) 11:30 a.m. on the first business day following the date of this Agreement.

(b) at any time prior to the Closing Date if any of the following has occurred (i) since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change or any development involving a prospective material adverse change in or affecting the condition, financial or otherwise, of the Company and its Subsidiaries taken as a whole or the earnings, business affairs, management or business prospects of the Company and its Subsidiaries taken as a whole, whether or not arising in the ordinary course of business, (ii) any outbreak of hostilities or other national or international calamity or crisis or change in economic or political conditions if the effect of such outbreak, calamity, crisis or change on the financial markets of the United States would, in your reasonable judgment, make the offering or delivery of the Shares impracticable, (iii) suspension of

trading in securities on the New York Stock Exchange or the American Stock Exchange or limitation on prices (other than limitations on hours or numbers of days of trading) for securities on either such exchange, (iv) the enactment, publication, decree or other promulgation of any federal or state statute, regulation, rule or order of any court or other governmental authority which in your reasonable opinion materially and adversely affects or will materially or adversely affect the business or operations of the Company, (v) declaration of a banking moratorium by either federal or New York state authorities, or (vi) the taking of any action by any federal, state or local government or agency in respect of its monetary or fiscal affaire which in your reasonable opinion has a material adverse effect on the securities markets in the United States; or

(c) as provided in Section 5 of this Agreement.

10. Qualified Independent Underwriter. The Company hereby confirms that at its request First Southwest Company has without compensation acted as a "qualified independent underwriter" (in such capacity, the "QIU") within the meaning of Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc. in connection with the offering of the Shares. The Company will indemnify and hold harmless the QUI, and its agents, officers, directors and each person, if any, who controls such QUI within the meaning of the Act against any losses, claims, damages or liabilities, joint or several, to which the QIU may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon the QUI's acting (or alleged failing to act) as such "qualified independent underwriter" and will reimburse the QUI for any legal or other expenses reasonably incurred by the QUI in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred.

11. Survival of Indemnities, Representations and Warranties. All representations, warranties, agreements, covenants and indemnities contained herein of the Company and of the Underwriters remain operative and in full force and effect regardless of any investigation made by or on behalf of any Underwriter or the Company or any of their respective officers, directors, partners or any controlling person and shall survive the delivery of and payment for the Shares or termination of this Agreement pursuant to Section 9 hereof.

12. Parties in Interest. This Agreement shall inure to the benefit of and be binding upon the Company and the Underwriters, the officers, directors and partners of such parties, each controlling person of the Company and the Underwriters, and their respective successors and assigns. Nothing in this Agreement is intended or shall be construed to give to any person, firm or corporation, other than the parties hereto and their respective successors and assigns and the controlling persons and officers and directors of the Company

and the Underwriters, any legal right, remedy or claim under or in respect to this Agreement or any provision herein contained; this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and their respective successors and assigns, and such controlling persons, directors and officers, and for the benefit of no other person or corporation.

The term "successor" as used in this Agreement shall not include any purchaser, as such purchaser, of any shares from the Underwriter or any selected dealer.

This Agreement constitutes the entire agreement among the parties concerning the subject matter hereof, and supersedes any letter of intent previously entered into.

13. Miscellaneous. The reimbursement, indemnification and contribution agreements contained in this Agreement and the representations, warranties and covenants in this Agreement shall remain in full force and effect regardless of (a) any termination of this Agreement, (b) any investigation made by or on behalf of any Underwriter or controlling person thereof, or by or on behalf of the Company or its directors or officers and (c) delivery of and payment for the Shares under this Agreement.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas.

If the foregoing letter is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicates hereof, whereupon it will become a binding agreement between the Company and you in accordance with its terms.

Very truly yours,

RUSHMORE FINANCIAL GROUP, INC.

By: _____

D.M. Moore, Jr.
Chairman and Chief Executive Officer

The foregoing Underwriting Agreement
is hereby confirmed and accepted as

of the date first above written.

FIRST SOUTHWEST COMPANY
RUSHMORE SECURITIES CORPORATION

By: FIRST SOUTHWEST COMPANY

By:_____
Authorized Officer

EXHIBIT 1.2

RUSHMORE FINANCIAL GROUP, INC.

WARRANT AGREEMENT

January ___, 1998

First Southwest Company
1700 Pacific Avenue, Suite 500
Dallas, Texas 75201

Gentlemen:

Rushmore Financial Group, Inc., a Texas corporation (the "Company"), hereby agrees to issue and sell to you, and you hereby agree to purchase from the Company at a purchase price of $10.00, a stock purchase warrant entitling the holder to purchase 50,000 shares of Common Stock, to be evidenced by an instrument in the form attached hereto as Exhibit A (hereinafter referred to as the "Warrant," and the Warrant and all instruments hereafter issued in replacement, substitution, combination or subdivision thereof being hereinafter collectively referred to as the "Warrants"). The number of shares of Common Stock purchasable upon exercise of the Warrants is subject to adjustment as provided in Section 7 below. The Warrants will be exercisable by you or any other Warrantholder as to all or any lesser number of shares of Common Stock covered thereby at the per share Purchase Price (as defined below) at any time and from time to time during a four-year period commencing at 9:00 a.m., Dallas time, on the date which is one year after the date hereof and ending at 5:00 p.m., Dallas time, on the fifth anniversary of the date hereof (the "Term").

The purchase and sale of the Warrant shall take place at such time and place as you and the Company mutually agree, at which time you shall deliver a check for the full purchase price of the Warrant. At such time, the Company will deliver to you such certificates of its officers with respect to this Warrant Agreement and the Warrant as you may reasonably request.

1. Definitions.

As used herein the following terms, unless the context otherwise requires, shall have for all purposes hereof the following respective meanings:

(a) Common Stock. The term "Common Stock" refers to the common stock, par value $0.01 per share, of the Company and all other securities of any class or classes (however designated) of the Company, now or hereafter authorized, the holders of which shall have the right, without limitation as to amount, either

to all or to a part of the balance of current dividends and liquidating dividends after the payment of dividends and distributions on any shares entitled to preference, and the holders of which shall ordinarily in the absence of contingency be entitled to vote generally in an election of directors of the Company (even though the right so to vote has been suspended by the occurrence of a contingency).

(b) Other Securities. The term "Other Securities" refers to any stock (other than Common Stock) and other securities of the Company or any other person (corporate or otherwise) which the holders of the Warrants at any time shall be entitled to receive, or shall have received, upon the exercise of the Warrants, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock or Other Securities pursuant to Section 7 below or otherwise.

(c) Purchase Price. The term "Purchase Price" refers to the per share purchase price of the shares of the Underlying Common Stock subject to this Warrant Agreement and the Warrants, as set forth in the form of Warrant attached hereto as Exhibit A, as adjusted pursuant to Section 7 below.

(d) Act. The term "Act" refers to the Securities Act of 1933, as amended from time to time.

(e) Commission. The term "Commission" refers to the Securities and Exchange Commission.

(f) Underlying Common Stock. The term "Underlying Common Stock" refers to the shares of Common Stock (or Other Securities) issuable under this Warrant Agreement and the Warrants pursuant to the exercise, in whole or in part, of the Warrants.

(g) Warrantholder. The term "Warrantholder" refers to First Southwest Company and any transferee or transferees of First Southwest Company permitted under Section 3(a) below.

2. Representations and Warranties.

The Company represents and warrants to you as follows:

(a) Incorporation; Qualification. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Texas, with power and authority to own or lease its properties and

conduct its business as currently conducted; the subsidiaries of the Company listed on Schedule 2(a) attached hereto (collectively, the "Subsidiaries") are the only subsidiaries of the Company, each of which has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation; each of the Subsidiaries has the power and authority to own or lease its properties and conduct its business as currently conducted; the Company and each of the Subsidiaries are duly qualified to transact business in all jurisdictions in which the conduct of their business requires such qualification; the outstanding shares of capital stock of each of the Subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable and are owned by the Company or another Subsidiary free and clear of all liens, encumbrances and security interests; and no options, warrants or other rights to purchase, agreements or other obligations to issue or other rights to convert any obligations into shares of capital stock or ownership interests in the Subsidiaries are outstanding.

(b) Capitalization. All of the outstanding shares of Common Stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; and no preemptive rights of shareholders exist with respect to the Common Stock or the issue and sale thereof.

(c) Corporate and Other Action. The Company has all requisite power and authority, and has taken all necessary corporate action, to authorize, execute, deliver and perform this Warrant Agreement, to execute, issue, sell and deliver the Warrant and a certificate or certificates evidencing the Warrant, to authorize and reserve for issuance and, upon payment from time to time of the Purchase Price, to issue, sell and deliver, the shares of the Underlying Common Stock issuable upon exercise of the Warrant, and to perform all of its obligations under this Warrant Agreement and the Warrant. This Warrant Agreement has been duly executed and delivered by the Company and is a legal, valid and binding agreement of the Company enforceable in accordance with its terms, except to the extent enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and by general principles of equity. No authorization, approval, consent or other order of any governmental authority is required for such authorization, issue or sale except to the extent required by the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and applicable federal and state securities laws.

(d) No Violation. The execution and delivery of this Warrant Agreement, the consummation of the transactions herein contemplated and the compliance with the terms and provisions of this Warrant Agreement and of the Warrant will not conflict with, or result in a breach of, or constitute a default or an event permitting acceleration under, any statute, the Articles of Incorporation or Bylaws of the Company or any indenture, mortgage, deed of trust, note, bank loan, credit agreement or any material franchise, license, lease, permit, or any

other material agreement, understanding or instrument, or any judgment, decree, order, statute, rule or regulation to which the Company is a party or by which it is bound.

(e) Validity. The Warrant, when delivered to you, will be duly authorized, executed and delivered and will be a legal, valid and binding obligation of the Company enforceable in accordance with its terms, except to the extent enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and by general principles of equity. The shares of Underlying Common Stock of the Company, when issued upon exercise of the Warrant, will have been duly authorized for issuance and, when issued in accordance with the terms of this Warrant Agreement, will be validly issued and outstanding, fully paid and nonassessable and free of statutory preemptive rights.

3. Representations of Warrantholders. You represent and warrant to the Company that you are an "accredited investor" within the meaning of Regulation D under the Act and that the Warrant and the shares of Underlying Common Stock are being acquired for investment purposes only and not with a view to the distribution or resale thereof. You represent that the Company has informed you that neither this Warrant nor the securities which may be purchased pursuant to this Warrant have been registered with or approved by the Commission under the Act or the securities

laws of any state and may not be sold or transferred in the absence of an effective registration statement or an exemption from such registration requirements. You agree that, during the one-year period commencing on the date hereof, the Warrant will not be transferred, sold, assigned or hypothecated, except to (i) persons who are officers or directors of you; (ii) the respective successors to you in a merger or consolidation; (iii) the respective purchasers of all or substantially all of your assets; or (iv) your respective shareholders only in the event you are liquidated or dissolved. You agree not to make any sale or other disposition of either the Warrant or the Underlying Common Stock or Other Securities except pursuant to a registration statement which has become effective under the Act, setting forth the terms of such offering, the underwriting discount and the commissions and any other pertinent data with respect thereto, unless you have provided the Company with an opinion of counsel reasonably acceptable to the Company that such registration is not required.

4. Registration.

(a) Piggyback Registrations. If at any time after the first anniversary of the date of this Warrant Agreement and prior to the fifth anniversary hereof the Company proposes to register (including for this purpose a registration

effected by the Company for shareholders of the Company other than the Warrantholders or the holders of Underlying Common Stock (you and any person who acquires Warrants or Underlying Common Stock in accordance with Section 3 are collectively referred to in this Section 4 as the "Holders")) any shares of Common Stock or Other Securities under the Act for sale within such four-year period (other than registration for issuance or sale in connection with (i) employee or non-employee director compensation or benefit programs, (ii) an exchange offer or an offering of securities solely to the existing shareholders or employees of the Company, (iii) an acquisition, merger or other business combination using a registration statement on Form S-4 or any successor or other appropriate or similar form), (iv) a registration statement on Form S-8 or similar form or (v) a shelf registration pursuant to Rule 415 promulgated under the Act) (each such registration with respect to which registration rights shall apply being an "Applicable Registration"), the Company will give prompt written notice (which, in any event, shall be given no less than 30 days prior to the filing of a registration statement with respect to such offering) to the Holders of its intention so to do and, upon the written request of any Holder sent within 20 days after receipt of any such notice, the Company will use its best efforts to cause all Underlying Common Stock as to which any such Holder shall have so requested registration to be registered under the Act, all to the extent necessary to permit the sale in such offering of the Underlying Common Stock so registered on behalf of any such Holder in the same manner as the Company (or shareholder other than the Holders, as the case may be) proposes to offer its shares of Common Stock or Other Securities. The Company shall use commercially reasonable efforts to cause the managing underwriter or underwriters of an Applicable Registration that is a proposed underwritten offering to permit the Underlying Common Stock so requested by any Holder to be included in the registration for such offering on the same terms and conditions as the shares of Common Stock or Other Securities of the Company (or other shareholders if no shares are to be offered on behalf of the Company) included therein. Notwithstanding the foregoing, if the managing underwriter of such offering delivers a letter to the Company and the Holders requesting registration that the total number

of shares of Common Stock or Other Securities which such Holders or the Company, and any other person, intend to include in such offering will in the good faith opinion of such managing underwriter materially and adversely affect the success of such offering, then the number of shares of Underlying Common Stock to be offered for the account of the Holders and the shares of Common Stock or Other Securities to be offered for the account of such other shareholder, if any, shall be reduced pro rata based upon the number of shares of Common Stock proposed to be sold by the Holders and other persons to the extent necessary to reduce the total number of shares of Common Stock or Other Securities to be included in such offering to the number of shares recommended by such managing underwriter.

(b) Demand Registration. At any time after the first anniversary of the
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date of this Warrant Agreement and prior to the fifth anniversary hereof the Holders of not less than 50% of the Underlying Common Stock not theretofore registered under the Act pursuant to Section 4(a) hereof may make one demand (the "Demand Registration") for the Company to register such Underlying Common Stock under the Act. The Company shall promptly give notice of the proposed Demand Registration to all Holders (other than Holders whose Underlying Common Stock was theretofore registered under the Act), and all such notified Holders shall thereafter have 20 days after the giving of such notice by the Company to notify the Company if such Holders desire to participate in the proposed Demand Registration. The Company shall thereafter promptly proceed with the registration of all Underlying Common Stock to be included in the proposed Demand Registration in accordance with the registration procedures set forth in Section 4(c) hereof; provided, however, (i) no such registration shall be deemed a Demand Registration unless and until the applicable registration statement becomes effective; (ii) the Company shall have no obligation to file a shelf registration statement under Rule 415 promulgated under the Act; and (iii) the Company may delay the filing of a requested Demand Registration for up to 90 days if, in the good faith judgment of the Company's Board of Directors after consultation with legal counsel, such delay is necessary in order to avoid interference with a pending material transaction or other corporate event to which the Company is a party or by which it is directly affected. The Warrantholders shall collectively only be entitled to one Demand Registration.

(c) Company's Obligations in Registration. In the event you timely elect to participate in an offering by including shares of Underlying Common Stock under a registration statement pursuant to Section 4(a) above, or if you make or timely elect to participate in a Demand Registration pursuant to Section 4(b) above, the Company shall:

(i) notify you as to the filing of any registration statement or prospectus and of all amendments or supplements thereto filed prior to the effective date of such registration statement and of all post-effective amendments or supplements thereto;

(ii) comply in all material respects with all applicable rules and regulations of the Commission;

(iii) notify you immediately, and confirm the notice in writing, (1) when the registration statement becomes effective, (2) of the issuance by the Commission of any stop order or of the initiation, or the threatening, of any proceedings for that purpose, (3) of the receipt by the Company of any notification with respect to the suspension of qualification of the Underlying Common Stock for sale in any jurisdiction or of the initiation, or the threatening, of any proceedings for that purpose, and (4) of the receipt of any comments, or requests for additional information, from the Commission or any state regulatory authority. If the Commission or any state regulatory authority shall enter a stop order or order suspending

qualification at any time, the Company will use all commercially reasonable efforts to obtain the lifting of such order at the earliest possible moment;

(iv) during any time when a prospectus is required to be delivered under the Act during the period required for the distribution of the Underlying Common Stock, use its best efforts to comply with all requirements imposed upon it under the Act and the rules and regulations promulgated thereunder, so far as necessary to permit the continuance of sales of or dealings in the Underlying Common Stock pursuant to a prospectus complying with Section 10(a)(3) of the Act. If at any time when a prospectus relating to the Underlying Common Stock is required to be delivered under the Act and any event shall have occurred as a result of which, in the opinion of counsel for the Company or your counsel, the prospectus relating to the Underlying Common Stock as then amended or supplemented includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend such prospectus to comply with the Act and the rules and regulations of the Commission promulgated thereunder, the Company will promptly prepare and file with the Commission an appropriate amendment or supplement in form satisfactory to you and your counsel;

(v) use all commercially reasonable efforts, in cooperation with you, at or prior to the time the registration statement becomes effective, to register or qualify the Underlying Common Stock for offering and sale under the securities laws relating to the offering or sale of the Underlying Common Stock in such jurisdictions as you may reasonably designate and to continue the qualifications in effect so long as required for purposes of the sale of the Underlying Common Stock; provided, however, that no such qualification shall be required in any jurisdiction where, as a result thereof, the Company would be subject to service of process for all purposes. In each jurisdiction where such qualification shall be effected, the Company will, unless you agree that such action is not at the time necessary or advisable, file and make such statements or reports at such times as are or may reasonably be required by the laws of such jurisdiction;

(vi) make generally available to its security holders as soon as practicable an earnings statement which shall satisfy the provisions of Section 11(a) of the Act and any applicable rules and regulations of the Commission thereunder covering a period of at least 12 months beginning after the effective date of the registration statement;

(vii) use the Company's best efforts to cause the independent certified public accountants of the Company to deliver to you, and to the underwriters if the Underlying Common Stock is being sold through

underwriters, letters dated the date that the registration statement becomes effective and the date the Underlying Common Stock is delivered to the underwriters for sale pursuant to such registration or, if the Underlying Common Stock is not being sold through underwriters, on the date that the registration statement becomes effective, stating that they are independent certified public accountants within the meaning of the Act and the rules and regulations of the Commission thereunder, and that, in their opinion, the financial statements and other financial data of the Company included in the registration statement or prospectus, or any amendment or supplement thereto, comply as to form in all material respects with the applicable accounting requirements of the Act, and such other financial and accounting matters as the underwriters, if any, or you may reasonably request;

(viii) after the effective date of such registration statement, prepare, and promptly notify you of the proposed filing of, and promptly file with the Commission, each and every amendment or supplement thereto or to any prospectus forming a part thereof as may be necessary to make any statements therein not misleading in any material respect; provided, however, that no such amendment or supplement shall be filed if you shall advise the Company in writing that, in your reasonable opinion, such amendment or supplement does not comply with the Act;

(ix) furnish to you, as soon as available, copies of any such registration statement and each preliminary or final prospectus, or supplement or amendment prepared pursuant thereto, all in such quantities as you may from time to time reasonably request in order to facilitate the public sale or other disposition of the Underlying Common Stock; and

(x) make such representations and warranties to any underwriter of the Underlying Common Stock and to the holders thereof, and use the Company's commercially reasonable efforts to cause the Company's legal counsel to render, at the time or times of the letters referred to in subparagraph (vii) above, such opinions to such underwriters, if any, and to you, as such underwriters or you may reasonably request.

(d) Agreements by Warrantholder. In connection with the filing of a registration statement pursuant to this Section 4, if Underlying Common Stock is being registered on your behalf under the Act, you shall:

(i) furnish the Company all material information requested by the Company concerning yourself and your holdings of securities of the Company and the proposed method of sale or other disposition of the Underlying Common Stock and such other information and undertakings as shall be reasonably required in connection with the preparation and filing of any such registration statement covering all or part of the

Underlying Common Stock and in order to ensure full compliance with the Act and the rules and regulations of the Commission promulgated thereunder;

(ii) if in connection with a piggyback registration pursuant to Section 4(a) the Company is at the time entering into an underwriting agreement covering its Common Stock, enter into an underwriting agreement in customary form with the same underwriter or underwriters who are parties to such underwriting agreement with the Company, provided that the sales of Common Stock by you and the Company thereunder are at the same price and upon the same terms and conditions; and

(iii) cooperate in good faith with the Company and its underwriters, if any, in connection with such registration, including placing the shares of Underlying Common Stock to be included in such registration statement in escrow or custody to facilitate the sale and distribution thereof.

(e) Expenses of Registration. All expenses incurred in connection with a registration, filing or qualification pursuant to this Section 4, including, without limitation, registration, filing and qualification fees, printers' and accounting fees, and the fees and disbursements of counsel for the Company, shall be borne and paid by the Company, with the exception of fees and disbursements of any separate counsel to the Holders, which shall be borne by the Holders. In addition, the Holders whose shares of Underlying Common Stock are so registered shall bear and pay all underwriting discounts and selling commissions attributable to sales of such shares of Underlying Common Stock.

(f) Indemnification.

(i) The Company shall indemnify and hold harmless you and any underwriter (as defined in the Act) for you, and your agents, directors, officers and each person, if any, who controls you or such underwriter within the meaning of Section 15 of the Act or Section 20(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), against any loss, liability, claim, damage and expense whatsoever (including but not limited to any and all expense reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever), joint or several, to which any of you or such underwriter or such controlling person becomes subject, under the Act or otherwise, insofar as such loss, liability, claim, damage or expense (or actions in respect thereof) arise out of or are based upon (1) any untrue statement or alleged untrue statement of any material fact contained in (A) a registration statement covering the Underlying Common Stock, in the prospectus contained therein, or in an amendment or supplement thereto or, (B) in any application or other document or communication (in this Section 4(f) collectively called an "application") executed by or on behalf of the Company or based upon written information furnished by or on behalf of the Company and filed in any jurisdiction in order to qualify the Underlying Common Stock under the securities laws thereof or filed with the

Commission, or (2) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the

circumstances under which they were made, not misleading; provided, however, that the Company shall not be obligated to indemnify you in any such case to the extent that any such loss, claim, damage, expense or liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon, and in conformity with, written information duly executed and furnished by you or such underwriter or such controlling person specifically for use in any such registration statement or prospectus, or any amendment or supplement thereto, or any application, as the case may be.

If any action is brought against a person in respect of which indemnity may be sought against the Company pursuant to the foregoing paragraph, such person shall promptly notify the Company in writing of the institution of such action and the Company shall assume the defense of the action, including the employment of counsel (satisfactory to the indemnified person in its or his reasonable judgment) and payment of expenses. The indemnified person shall have the right to employ its or his own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified person unless the employment of such counsel shall have been authorized in writing by the Company in connection with the defense of the action, or unless the Company shall not have promptly employed counsel to have charge of the defense of the action or unless the indemnified person shall have reasonably concluded that there may be defenses available to it or them which are different from or additional to those available to the Company (in which case the Company shall not have the right to direct the defense of the action on behalf of the indemnified person), in any of which events these fees and expenses shall be borne by the Company. Anything in this paragraph to the contrary notwithstanding, the Company shall not be liable for any settlement of any claim or action effected without its written consent, which shall not be unreasonably withheld.

The Company's indemnity agreements contained in this Section 4(f) shall remain in full force and effect regardless of any investigation made by or on behalf of any indemnified person and shall survive any termination of this Warrant Agreement. The Company agrees promptly to notify you of the commencement of any litigation or proceedings against the Company or any of its officers or directors in connection with the registration statement pursuant to this Section 4(f). The omission to notify you promptly of the commencement of any action against the Company or its officers and directors based upon an alleged act or omission, which, if proven, would result in your having to indemnify the Company pursuant to Section 4(f)(ii) below, if prejudicial to your ability to defend such action, shall relieve you of any liability to indemnify the Company under Section 4(f)(ii).

The Company further agrees that, if the indemnity provisions of the foregoing paragraphs are held to be unenforceable, you, your underwriter or any person controlling you or your underwriter ("your controlling persons") may recover contribution from the Company in an amount which, when added to contributions you or your underwriter or your controlling persons have theretofore received or concurrently receive from officers and directors of the Company or controlling persons of the Company, will reimburse you or your underwriter or

your controlling persons for all losses, claims, damages or liabilities and legal or other expenses; provided, however, that if the full amount of the contribution specified in this paragraph is not permitted by law, then you, your underwriter and your controlling persons shall be entitled to contribution from the Company and its officers, directors and controlling persons to the full extent permitted by law.

(ii) If you choose to include all or a part of the Underlying Common Stock in a public offering pursuant to Section 4(a), or if you include Underlying Common Stock in a Demand Registration pursuant to Section 4(b), then you agree to indemnify and hold harmless the Company and each of its directors and officers who have signed any such registration statement or amendment thereto, and (in the case of a piggyback registration pursuant to Section 4(a) hereof) any underwriter for the Company (as defined in the Act), and each person, if any, who controls the Company or such underwriter within the meaning of the Act, to the same extent as the indemnity by the Company in this Section 4(f), but only with respect to untrue or alleged untrue statements or omissions or alleged omissions, if any, made in such registration statement, in any prospectus contained therein, or in any amendment or supplement thereto, or in any application, made or omitted in reliance upon, and in conformity with, written information duly executed and furnished by you to the Company specifically for use in the registration statement, the prospectus contained therein, any amendment or supplement thereto, or any application, as the case may be. In case any action shall be brought in respect of which indemnity may be sought against you, you shall have the rights and duties given to the Company, and the persons so indemnified shall have the rights and duties given to you, by the provisions of Section 4(f)(i).

(g) Certain Definitions. Unless the context otherwise requires, references in this Section 4 to "you" or "your" shall mean and include a Warrantholder or a holder of Underlying Common Stock, as the case may be.

(h) Limitations on Subsequent Registration Rights. From and after the date of this Warrant Agreement, the Company shall not, without your prior written consent, enter into any agreement with any holder or prospective holder

of any securities of the Company which grants registration rights under the Act on terms and conditions more favorable than the rights granted in this Warrant Agreement unless substantially similar rights are granted to the Warrantholders. Except as listed on Schedule 4(h) to this Warrant Agreement, the Company is not
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a party to any currently subsisting agreement with respect to its securities granting any registration rights to any person.

(i) Benefit of Registration Rights. The right to cause the Company to
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register shares of Underlying Common Stock pursuant to Sections 4(a) and (b) shall inure to the benefit of each person that is now or may hereafter become a Holder.

5. Exercise of Warrants; Partial Exercise.

(a) Exercise in Full. Each of the Warrants may be exercised in full by
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the holder thereof during the Term hereof by surrender of such Warrant, with the form of subscription at the end thereof duly executed by such Warrantholder, to the Company at its principal office at 13355 Noel Road, Suite 650, Dallas, Texas 75240, accompanied by payment, in cash or by certified or bank cashier's check payable to the order of the Company, in the amount obtained by multiplying the number of shares of the Underlying Common Stock represented by such Warrant or Warrants by the Purchase Price (after giving effect to any adjustments as provided in Section 7 below). If this Warrant is not exercised prior to expiration of its Term, it shall become null and void and all rights granted hereunder shall cease.

(b) Partial Exercise. Each of the Warrants may be exercised in part by
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the holder thereof during the Term hereof by surrender of such Warrant, with the form of subscription at the end thereof duly executed by such Warrantholder, in the manner and at the place provided in Section 5(a) above, accompanied by payment in cash or by certified or bank cashier's check payable to the order of the Company, in the amount obtained by multiplying the number of shares of the Underlying Common Stock designated by the Warrantholder in the form of subscription attached to such Warrant by the Purchase Price (after giving effect to any adjustments as provided in Section 7 below). Upon any such partial exercise, the Company at its expense (except as set forth below) will, upon surrender of the relevant Warrant, forthwith issue and deliver to or upon the order of the Warrantholder stock certificates representing the Common Stock issuable upon such partial exercise and a new Warrant of like tenor, in the name of the Warrantholder thereof or such other person as the Warrantholder (upon payment by such Warrantholder of any applicable transfer or similar taxes) may request, subject to Section 3, giving the Warrantholder or such other person, as the case may be, the right to purchase that number of shares of the Underlying

Common Stock (as such number may be adjusted from time to time pursuant to Section 7) equal to the number of such shares called for on the face of the Warrant so surrendered (after giving effect to any adjustment herein as provided in Section 7 below) minus the number of such shares designated by the Warrantholder in the aforementioned form of subscription.

(c) Company to Reaffirm Obligations. The Company will, at the time of any exercise of any Warrant, upon the request of the holder thereof, acknowledge in writing its continuing obligation to afford to such Warrantholder any rights (including without limitation any right to registration under the Act and state securities laws of the shares of the Underlying Common Stock issuable or issued upon such exercise) to which such Warrantholder shall continue to be entitled after such exercise in accordance with the provisions of this Warrant Agreement; provided, however, that if the Warrantholder shall fail to make any such request, such failure shall not affect the continuing obligation of the Company to afford to such Warrantholder any such rights.

6. Delivery of Stock Certificates, etc., on Exercise.

Any exercise of Warrants pursuant to Section 5 shall be deemed to have been effected immediately prior to the close of business on the date on which the Warrants with the subscription form and the check for the aggregate Purchase Price shall have been received by the Company. At such time, the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such exercise shall be deemed to have become the holder or holders of record of the shares of Common Stock so purchased. As soon as practicable after the exercise of any Warrant in full or in part, and in any event within ten days thereafter, the Company at its expense (including the payment by it of any applicable issue taxes) will cause to be issued in the name of, and delivered to, the purchasing Warrantholder, a certificate or certificates for the number of fully paid and nonassessable shares of the Underlying Common Stock to which such Warrantholder shall be entitled upon such exercise, plus cash in lieu of any fractional share to which such Warrantholder would otherwise be entitled in an amount determined pursuant to Section 8(h), together with any other stock or other securities and property (including cash, where applicable) to which such holder is entitled upon such exercise pursuant to Section 7 below or otherwise.

7. Anti-dilution Provisions.

The Warrants are subject to the following terms and conditions during the term thereof:

(a) Stock Distributions, Splits and Combinations; Adjustments. In case (i)

the outstanding shares of Common Stock (or Other Securities) shall be subdivided into a greater number of shares, (ii) a dividend in Common Stock (or Other Securities) shall be paid in respect of Common Stock (or Other Securities) or (iii) the outstanding shares of Common Stock (or Other Securities) shall be combined into a smaller number of shares, then the Purchase Price in effect immediately prior to such subdivision or combination or at the record date of such a dividend or distribution shall simultaneously with the effectiveness of such subdivision or combination or immediately after the record date of such dividend or distribution be adjusted to equal the product obtained by multiplying the Purchase Price by a fraction, the numerator of which is that number of shares of Common Stock (or Other Securities) outstanding immediately prior to such combination or subdivision, or dividend or distribution record date, and the denominator of which is that number of shares of Common Stock (or Other Securities) outstanding after giving effect to such combination, subdivision, dividend or distribution. Any dividend or distribution paid or distributed on the Common Stock (or Other Securities) in stock or any other securities convertible into or exercisable for shares of Common Stock (or Other Securities) shall be treated as a dividend paid in Common Stock (or Other Securities) to the extent that shares of Common Stock (or Other Securities) are issuable upon the conversion or exercise thereof.

Whenever the Purchase Price is adjusted as provided in the immediately preceding paragraph, the number of shares of the Underlying Common Stock purchasable upon exercise of the Warrants immediately prior to such Purchase Price adjustment shall be adjusted, effective simultaneously with such Purchase Price adjustment, to equal the product obtained (calculated to the nearest full share)

by multiplying such number of shares of the Underlying Common Stock by a fraction, the numerator of which is the Purchase Price in effect immediately prior to such Purchase Price adjustment and the denominator of which is the Purchase Price in effect upon such Purchase Price adjustment, which adjusted number of shares of the Underlying Common Stock shall thereupon be purchasable upon exercise of the Warrants until further adjusted as provided herein.

(b) Reorganizations and Recapitalizations. In case the Company shall be reorganized or recapitalized by reclassifying its outstanding Common Stock (or Other Securities) into a stock with a different par value or by changing its outstanding Other Securities with par value to stock without par value, then, as a condition of such reorganization or recapitalization, as the case may be, lawful and adequate provision shall be made whereby each Warrantholder shall thereafter have the right to purchase, upon the terms and conditions specified herein, in lieu of the shares of Common Stock (or Other Securities) or assets theretofore purchasable upon the exercise of the Warrants, the kind and amount of shares of stock, other securities or assets receivable upon such reorganization or recapitalization by a holder of the number of shares of Common Stock (or Other Securities) which the Warrantholder might have purchased

immediately prior to such recapitalization. If any consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its assets to another corporation, shall be effected in such a way that holders of Common Stock (or Other Securities) shall be entitled to receive stock, securities or assets with respect to or in exchange for Common Stock (or Other Securities), then, as a condition of such consolidation, merger or sale, lawful and adequate provisions shall be made whereby the Warrantholders shall have the right to purchase and receive in lieu of the shares of the Underlying Common Stock immediately theretofore purchasable and receivable upon the exercise of the Warrants, the number or amount, as the case may be, of such shares of stock, securities or assets as may be issuable or payable in respect of or in exchange for the number of shares of Underlying Common Stock purchasable and receivable upon the exercise of the Warrants had such consolidation, merger or sale not occurred; and in any such case appropriate provision shall be made with respect to the rights and interests of the Warrantholders hereunder so that the provisions hereof (including without limitation provisions for adjustment of the Purchase Price and of the number of shares purchasable and receivable upon the exercise of the Warrants) shall thereafter be applicable, as nearly as may be, in relation to any shares of such stock or securities, or such assets thereafter deliverable upon the exercise hereof. The Company will not effect any such consolidation, merger or sale unless prior to the consummation thereof the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing such assets shall assume by written instrument executed and mailed or delivered to the registered holder of each Warrant at the last address of such Warrantholder appearing on the books of the Company, the obligation to deliver to such Warrantholder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such Warrantholder may be entitled to purchase. If a purchase, tender or exchange offer is made to and accepted by the holders of more than 50% of the outstanding shares of Common Stock of the Company, the Company shall not effect any consolidation, merger or sale with the Person (as hereinafter defined) having made such offer or with any Affiliate (as hereinafter defined) of such Person, unless prior to the consummation of such consolidation, merger or sale the Warrantholders shall have been given the right to elect to receive upon the exercise of Warrants, either the stock, securities or assets then

issuable with respect to the Common Stock (or Other Securities) of the Company or the stock, securities or assets, or the equivalent issued to previous holders of the Common Stock in accordance with such offer. The term "Person" as used in this Section 7(b) shall mean and include an individual, a partnership, a corporation, a trust, a joint venture, an unincorporated organization and a government or any department or agency thereof. For the purposes of this Section 7(b), an "Affiliate" of any Person shall mean any Person directly or indirectly controlling, controlled by or under common control with, such other Person. A Person shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise.

(c) Effect of Dissolution or Liquidation. In case the Company shall dissolve or liquidate all or substantially all of its assets, all rights under this Warrant Agreement and the Warrants shall terminate as of the date upon which a certificate of dissolution or liquidation shall be filed with the Secretary of State of Texas (or, if the Company theretofore shall have been merged or consolidated with a corporation incorporated under the laws of another state, the date upon which action of equivalent effect shall have been taken); provided, however, that (i) no dissolution or liquidation shall affect the rights under Section 7(b) of any Warrantholder and (ii) if the Company's Board of Directors shall propose to dissolve or liquidate the Company, each Warrantholder shall be given written notice of such proposal at the earlier of (1) the time when the Company's shareholders are first given notice of the proposal and (2) the time when notice to the Company's shareholders is first required.

(d) Notice of Change of Purchase Price. Whenever the Purchase Price or the kind or amount of securities or assets purchasable under the Warrants shall be adjusted pursuant to any of the provisions of this Warrant Agreement, the Company shall forthwith thereafter cause to be sent to each Warrantholder a certificate setting forth the adjustments in the Purchase Price and/or in such number of shares, securities or assets purchasable upon exercise of the Warrants and also setting forth in detail the facts requiring such adjustments, including without limitation a statement of the consideration received or deemed to have been received by the Company for any additional shares of stock or other securities issued by it requiring such adjustment.

(e) Notice of a Record Date. In the event of (i) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend payable out of earned surplus of the Company) or other distribution, or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or assets, or to receive any other right, (ii) any reorganization of the Company, or any reclassification or recapitalization of the capital stock of the Company, or any transfer of all or substantially all of the assets of the Company to, or consolidation or merger of the Company with, any other person or (iii) any voluntary or involuntary dissolution or liquidation of the Company, then and in each such event the Company will mail or cause to be mailed to each Warrantholder a notice specifying not only the date on which any such record is to be taken for the purpose of such dividend, distribution or right and stating the amount and character

of such dividend, distribution or right, but also the date on which any such reorganization, reclassification, recapitalization, transfer, consolidation,

merger, dissolution, liquidation or winding-up is to take place, and the time, if any, as of which the holders of record of Common Stock (or Other Securities) shall be entitled to exchange their shares of Common Stock (or Other Securities) for securities or other property deliverable upon such reorganization, reclassification, recapitalization, transfer, consolidation, merger, dissolution, liquidation or winding-up. Such notice shall be mailed at least 15 days prior to the proposed record date therein specified.

(f) Acceleration of Exercisability. If any of the events described in Section 7(b) or (c) hereof shall occur prior to the first anniversary of the date of this Warrant Agreement, the Warrants shall become immediately exercisable.

8. Further Covenants of the Company.

(a) Impairments. The Company will not, by amendment of its articles of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of the Warrants or of this Warrant Agreement, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Warrantholders against impairment. Without limiting the generality of the foregoing, the Company:

(i) shall at all times reserve and keep available, solely for issuance and delivery upon the exercise of the Warrants, all shares of the Underlying Common Stock from time to time issuable upon the exercise of the Warrants and shall take all necessary actions to ensure that the par value per share, if any, of the Underlying Common Stock is at all times equal to or less than the then effective Purchase Price;

(ii) will take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock (or Other Securities) upon the exercise of the Warrants from time to time outstanding; and

(iii) will not transfer all or substantially all of its properties and assets to any other person or entity, or consolidate with or merge into any other person or entity or permit any such person or entity to consolidate with or merge into the Company (if the Company is not the surviving corporation), unless such other person or entity shall expressly assume in writing and will be bound by all the terms of this Warrant Agreement and the Warrants.

(b) Title to Stock. All shares of the Underlying Common Stock delivered upon the exercise of the Warrants shall be validly issued, fully paid and

nonassessable; each holder of a Warrant shall receive good and marketable title to the Underlying Common Stock, free and clear of all voting and other trust arrangements, liens, encumbrances, equities and claims whatsoever by or

through the Company; and the Company shall have paid all stamp, stock transfer or similar taxes, if any, in respect of the issuance thereof.

(c) Listing on Securities Exchanges; Registration. The Company will, at its expense, list on the Nasdaq Stock Market's SmallCap Market or any other securities exchange on which the Common Stock is listed, upon official notice of issuance upon the exercise of the Warrants, and maintain such listing of, all shares of the Underlying Common Stock from time to time issuable upon the exercise of the Warrants, and the Company will so list on any securities exchange, will so register and will maintain such listing of, any Other Securities if and at the time that any securities of like class or similar type shall be listed on such securities exchange by the Company.

(d) Remedies. The Company stipulates that the remedies at law of the Warrantholders or any holder of Underlying Common Stock in the event of any default or threatened default by the Company in the performance of or compliance with any of the terms of this Warrant Agreement or the Warrants are not and will not be adequate and that such terms may be specifically enforced by a decree for the specific performance of any agreement contained herein or in the Warrants or by an injunction against a violation of any of the terms hereof or thereof or otherwise.

(e) Exchange of Warrants. Subject to Section 3 hereof, upon surrender for exchange of any Warrant to the Company, the Company at its expense will promptly issue and deliver to or upon the order of the holder thereof a new Warrant of like tenor, in the name of such holder or as such holder (upon payment by such Warrantholder of any applicable transfer taxes) may direct, providing the holder the right to purchase the aggregate number of shares of the Underlying Common Stock indicated on the face or faces of the Warrant or Warrants so surrendered as being purchasable thereunder, subject to adjustment under Section 7. Any Warrant and all rights thereunder are transferable in whole or in part upon the books of the Company by the registered holder thereof subject to the provisions of Section 3, in person or by duly authorized attorney, upon surrender of such Warrant, duly endorsed, at the principal office of the Company.

(f) Replacement of Warrants. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of any Warrant and, in the case of any such loss, theft or destruction, upon delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of any such mutilation, upon surrender and cancellation

of such Warrant, the Company, at the expense of the Warrantholder, will execute and deliver, in lieu thereof, a new Warrant of like tenor.

(g) Reporting by the Company. The Company agrees that during the term of the Warrants it will keep current in the filing of all forms and other materials, if any, which it may be required to file pursuant to the Exchange Act and will use its best efforts to keep current in the filing of all other forms and reports required to be filed with any governmental securities regulatory authority having jurisdiction over the Company.

(h) Fractional Shares. No fractional shares of Underlying Common Stock are to be issued upon the exercise of any Warrant, but the Company shall pay cash in lieu of any fraction of a share which would otherwise be issuable upon exercise of the Warrant in an amount equal to such fraction multiplied by the highest market price per share of Underlying Common Stock on the day of exercise, as determined by the highest sale price, regular way, or, if there shall have been no sale on such day, the average of the highest reported bid and lowest reported asked price, in each case as officially reported on the principal securities exchange on which the Underlying Common Stock is listed or admitted to trading, or if not listed or admitted to trading on any securities exchange, the average of the highest reported bid and lowest reported asked price as furnished by the National Quotation Bureau Incorporated, all as adjusted; provided, however, that if the Underlying Common Stock is not traded in such manner that the quotations referred to herein are available, the market price shall be deemed to be the fair market value of such Underlying Common Stock.

9. Other Warrantholders.

The Warrants are issued upon the following terms, to all of which each holder or owner thereof by the taking thereof consents and agrees: (a) any person who shall become a transferee, within the limitations on transfer imposed under Section 3 hereof, of a Warrant properly endorsed shall take such Warrant subject to the provisions of Section 3 hereof and shall represent to the Company that he is the absolute owner thereof and, subject to the restrictions contained in this Warrant Agreement, shall be empowered to transfer absolute title by endorsement and delivery thereof to a permitted bona fide purchaser for value; (b) each prior taker or owner waives and renounces all of his equities or rights in such Warrant in favor of each such permitted bona fide purchaser, and each such permitted bona fide purchaser shall acquire absolute title thereto and to all rights represented thereby; (c) until such time as the relevant Warrant is transferred on the books of the Company, the Company may treat the registered holder thereof as the absolute owner thereof for all purposes, notwithstanding any notice to the contrary; and (d) all references to the words "you" or "your" in this Warrant Agreement shall be deemed to apply with equal effect to any

person to whom a Warrant has been transferred in accordance with the terms hereof, and where appropriate, to any person holding shares of the Underlying Common Stock.

10. Miscellaneous.

All notices, certificates and other communications from or at the request of the Company to any Warrantholder shall be mailed by first class, registered or certified mail, postage prepaid, to such address as may have been furnished to the Company in writing by such Warrantholder, or, until an address is so furnished, to the address of the last holder of such Warrant who has so furnished an address to the Company, except as otherwise provided herein. This Warrant Agreement and any of the terms hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is

sought. This Warrant Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Texas (without reference to the conflicts of laws provisions thereof). The headings in this Warrant Agreement are for purposes of reference only and shall not limit or otherwise affect any of the terms hereof. This Warrant Agreement, together with the forms of instruments annexed hereto as Exhibit A and the information on outstanding registration rights in Schedule 4(h), constitutes the full and complete
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agreement of the parties hereto with respect to the subject matter hereof.

* * *

IN WITNESS WHEREOF, the Company has caused this Warrant Agreement to be executed on this ____ day of January, 1998, in Dallas, Texas, by its proper corporate officers, thereunto duly authorized.

RUSHMORE FINANCIAL GROUP, INC.

By: _____
D.M. Moore, Jr.
Chief Executive Officer

The above Warrant Agreement is
confirmed this ____ day of

January, 1998.

FIRST SOUTHWEST COMPANY

By: _____
Name:
Title:

NEITHER THIS WARRANT NOR THE SECURITIES WHICH MAY BE PURCHASED PURSUANT TO THIS WARRANT HAVE BEEN REGISTERED WITH OR APPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE. THIS WARRANT AND THE SECURITIES WHICH MAY BE PURCHASED PURSUANT TO THIS WARRANT ARE BEING OFFERED AND SOLD IN RELIANCE UPON CERTAIN EXEMPTIONS AFFORDED BY SUCH ACTS AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACTS OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

FIRST SOUTHWEST COMPANY

COMMON STOCK PURCHASE WARRANT

THIS IS TO CERTIFY THAT First Southwest Company ("First Southwest") or its registered assigns, is entitled to purchase at any time or from time to time after 9:00 o'clock a.m., Dallas, Texas time, on January __, 1999 until 5:00 o'clock p.m., Dallas, Texas time, on January ___, 2003, up to 50,000 shares of Common Stock, par value $0.01 per share, of Rushmore Financial Group, Inc., a Texas corporation (the "Company"), at a purchase price per share (at the time in effect as adjusted pursuant to the Warrant Agreement referred to herein) of $6.05 (the "Purchase Price"). This Warrant is issued pursuant to a Warrant Agreement, dated January ___, 1998 (the "Warrant Agreement"), between the Company and First Southwest, and all rights of the holder of this Warrant are subject to the terms and provisions of the Warrant Agreement, copies of which are available for inspection at the offices of the Company.

Transfer of this Warrant is restricted as provided in the Warrant Agreement.

Subject to the provisions of the Securities Act of 1933, as amended, and of the Warrant Agreement, this Warrant and all rights hereunder are transferable, in whole or in part, at the offices of the Company, at 13355 Noel Road, Suite 650, Dallas, Texas 75240, by the holder hereof in person or by his or its duly authorized attorney, upon surrender of this Warrant, together with the Assignment hereof duly endorsed. Until transfer hereof on the books of the

Company, the Company may treat the registered holder as the owner hereof for all purposes.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed in Dallas, Texas this ___ day of January, 1998 by its proper corporate officers thereunto duly authorized.

RUSHMORE FINANCIAL GROUP, INC.

By: _____
D.M. Moore, Jr.
Chief Executive Officer

ATTEST:

_____
Name:_____
Title:_____

Exhibit 1.3

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement") is entered into as of the _____ day of _____, 1998, by and among Rushmore Financial Group, Inc., a Texas corporation (the "Issuer"), First Southwest Company, a Texas corporation, as representative (the "Representative") of the underwriters (the "Underwriters"), and Bank One, Texas, NA ("Escrow Agent").

R E C I T A L S:

A. The Underwriters propose to offer and sell on behalf of the Issuer a minimum of 750,000 shares of Common Stock, $.01 par value per share (the "Common Stock"), aggregating $4,125,000, and a maximum of 1,250,000 shares of Common Stock, aggregating $6,875,000, each share of Common Stock being offered at a price of $_____ per share, payable at the time of subscribing for a share of Common Stock. The shares of Common Stock being offered by the Company are referred to herein as the "Shares."

B. The Underwriters intend to sell the Shares on a best-efforts "minimum or none" basis in a public offering (the "Offering") by delivering to each subscriber a Prospectus (the "Prospectus") describing the Offering.

C. The Issuer and the Underwriters desire to establish an escrow account in which funds received from subscribers for the Shares would be deposited pending completion of the Escrow Period (as defined below). Bank One, Texas, NA agrees to serve as the Escrow Agent in accordance with the terms and conditions set forth herein.

D. As used herein, the term "Selected Dealer" shall include the Underwriters and other Selected Dealers as part of its selling group. All Selected Dealers shall be bound by this Agreement.

E. The Shares shall be offered to the general public pursuant to the Registration Statement filed under Form SB-2 with the United States Securities and Exchange Commission, under the Securities Act of 1933, as amended, and pursuant to various state securities laws. The Prospectus constitutes part of the Registration Statement.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. The Issuer and the Representative hereby appoint Bank One, Texas, NA as the Escrow Agent and the Escrow Agent shall establish an escrow account (the

"Escrow Account") on its books styled "Rushmore Financial Group, Inc. - Escrow Account." Commencing upon the execution of this Agreement, The Escrow Agent shall act as Escrow Agent and hereby agrees to receive and disburse the proceeds from the Offering of the Shares in accordance with the terms hereof. The Issuer and the Representative agree to notify the Escrow Agent promptly of the Closing of the Offering and the sale of the Shares.

2. The Underwriters and the Selected Dealers shall cause all checks received from subscribers for Shares to be promptly deposited into the Escrow Account. The Underwriters and the Selected Dealers shall deliver to the Escrow Agent checks of the subscribers made payable to the order of the Rushmore Financial Group, Inc. - Escrow Account. Any checks that are received by The Escrow Agent that are not made payable to the Rushmore Financial Group, Inc. - Escrow Account shall be returned to the Representative. The Underwriters and the Selected Dealers shall furnish to the Escrow Agent at the time of each deposit of the above-mentioned funds a list containing the name of each subscriber, the subscriber's address, the number of Shares purchased, the subscriber's tax identification number and the amount of the check being delivered to the Escrow Agent. Prior to the receipt of the Minimum (as defined below), each of the Issuer and the Representative is aware and understands that, except as otherwise provided by this Agreement, it is not entitled to any proceeds from subscriptions deposited into the Escrow Account and no amounts deposited in the Escrow Account during the Escrow Period shall become the property of the Issuer, the Representative or any other entity, or be subject to the Debts of the Issuer, the Representative or any other entity.

3. The Escrow Period shall commence on the date hereof and shall terminate ten (10) business days following the earlier to occur of the following dates:

(a) The date upon which the Escrow Agent confirms upon written request of the Issuer that it has received into the Escrow Account and collected gross subscription proceeds from the sale of seven hundred fifty thousand (750,000) Shares aggregating 4,125,000 in deposited funds (the "Minimum"); or

(b) The "Cessation Date," which for the purposes of this Agreement shall be 45 days after the effective date of the Prospectus, unless (i) the Issuer and the Representative elect to continue to offer the Shares for sale for 15 days thereafter, as permitted by the Prospectus, and (ii) the Issuer and the Representative notify the Escrow Agent in writing no later than _____, of such extension specifying the extended Cessation Date; or

(c) The date upon which a determination is made by the Issuer and the Representative to terminate the Offering prior to the sale of the Minimum, as communicated to The Escrow Agent in writing.

Notwithstanding anything to the contrary contained herein, the Cessation Date is intended to signify the date of the cessation of the Offering as provided in the Memorandum, and not the termination of the

Escrow Period of this Agreement, and upon the occurrence of any of the events described in (a), (b) or (c) above, the Escrow Period shall continue for such ten (10) business-day period solely for the limited purposes of collecting subscribers' checks that have been deposited prior to such event and disbursing funds from the Escrow Account as provided herein. The Escrow Agent will not accept deposits of subscribers' checks after notice that any of the events described in subparagraphs (a), (b) and (c) has occurred.

4. The Escrow Agent will deposit the subscribers' checks for collection and credit the proceeds to the Escrow Account to be held by it under the terms of this Agreement. The Escrow Agent shall hold the subscription proceeds in trust as the Escrow Agent only and shall not claim or be entitled to ownership of such funds. Notwithstanding anything to the contrary contained herein, the Escrow Agent is under no duty or responsibility to enforce collection of any checks delivered to the Escrow Agent hereunder. The Escrow Agent shall forward each check for collection and deposit the proceeds in the Escrow Account. The Escrow Agent may telephone the bank on which the check is drawn to confirm that the check has been paid. Additionally, to insure that such funds have cleared normal banking channels for collection, the Escrow Agent is authorized to hold for ten (10) business days funds to be released. The Issuer shall immediately reimburse the Escrow Agent any monies paid to it if thereafter the subscriber's check is returned unpaid. Any item returned unpaid to the Escrow Agent on its first presentation for payment shall be returned to Representative and need not be again presented by the Escrow Agent for collection. The Issuer agrees to reimburse the Escrow Agent for the cost incurred with any returned check. The Escrow Agent shall not be required to invest any funds deposited in the Escrow Account and shall in no event be liable for any investment loss. If subscription funds are invested, such investments shall only be made in investments permissible under SEC Rule 15c2-4. For purposes of this Agreement, the term "collected funds" or the term "collected" when referring to the proceeds of subscribers' checks shall mean all funds received by the Escrow Agent that have cleared normal banking channels and are in the form of cash. The Escrow Agent shall maintain records of all subscription funds received and deposited into the Escrow Account. The records shall separately identify the name and mailing address of each subscriber, the number of shares subscribed for, the date on which the subscription funds were received by the Escrow Agent and the date on which the proceeds of the subscription funds were collected by the Escrow Agent.

5. If prior to the Cessation Date, subscriber's checks in an amount of at least the Minimum have been deposited in the Escrow Account, upon request from the Issuer and the Representative, the Escrow Agent will confirm the amounts collected by it from subscriber's checks. If such amount is at least equal to the Minimum, the Issuer and the Representative may send the Escrow Agent a written notice providing a list of all accepted subscribers, specifying the total amount of their subscription to be remitted to the Issuer, and containing a request to terminate the Escrow Period and remit such amount, less any fees or

other amounts then owing from the Issuer to the Escrow Agent hereunder, to the Issuer as promptly as possible, but in no event later than ten (10) business days after such termination, by issuing its bank check payable to the Issuer or by depositing such amount directly into the account of the Issuer maintained with Bank One, Texas, NA, as designated in writing by the Issuer to the Escrow Agent. The Escrow Period shall not terminate upon receipt by the Escrow Agent of such notice, but shall continue for such (10) business-day period solely for the limited purposes of collecting subscribers' checks that have been deposited prior to the Escrow Agent's receipt of such notice and disbursing funds from the Escrow Account as provided herein. Escrow Agent will not accept deposits of subscriber's checks after receipt of such notice.

If, on the Cessation Date, the Minimum Amount has not been deposited with the Escrow Agent and collected, or if the Issuer and the Representative notify the Escrow Agent in writing that the Issuer and the Representative elect to terminate the Offering as provided in paragraph 3(c) above, the Escrow Agent shall then issue and mail its bank checks to the subscribers in the amount of the subscribers' respective checks, without deduction, penalty or expense to the subscriber, and shall, for this purpose, be authorized to rely upon the names and addresses of subscribers furnished it as contemplated above. Each subscriber shall be paid interest, if any, with respect to such deposited funds. The purchase money returned to each subscriber shall be free and clear of any and all claims of the Issuer and any of its creditors. For each subscription for which the Escrow Agent has not collected funds but has submitted the subscriber's check for collection, the Escrow Agent shall promptly issue a check to such subscriber in the amount of the collected funds from such subscriber's check after the Escrow Agent has collected such funds. If Escrow Agent has not yet submitted such subscriber's check for collection, the Escrow Agent shall promptly remit the subscriber's check directly to such subscriber.

At such time as Escrow Agent shall have made the payments and remittances provided in the Agreement, the Escrow Agent shall be completely discharged and released of any and all further liabilities and responsibilities hereunder.

6. As consideration for its agreement to act as Escrow Agent as herein described, the Issuer agrees to pay the Escrow Agent an administration fee of _____ upon execution of this Agreement, plus the fees described on the attached fee schedule. Further, the Issuer agrees to pay all disbursements and advances incurred or made by the Escrow Agent in performance of its duties hereunder, including reasonable fees, expenses and disbursements of its counsel, all in accordance with the attached fee schedule or the other provisions of this Agreement. No such fees or reimbursements shall be paid out of or chargeable to the funds on deposit in the Escrow Account until such time as the Minimum has been collected.

If the Issuer rejects any subscription for which Escrow Agent has already collected funds, the Escrow Agent shall promptly issue a refund check to the rejected subscriber in the amount of the subscriber's check. If the Issuer

rejects any subscription for which the Escrow Agent has not yet collected funds but has submitted the subscriber's check for collection, the Escrow Agent shall promptly issue a check in the amount of the collected funds from the subscriber's check to the rejected subscriber after the Escrow has cleared such funds. If the Escrow Agent has not yet submitted a rejected subscriber's check for collection, the Escrow Agent shall promptly remit the subscriber's check directly to the subscriber.

7. This Agreement shall automatically terminate upon the earlier of (i) twenty (20) days after the Cessation Date or (ii) twenty (20) days after the date upon which the Escrow Agent has delivered the final portion of Escrow Account funds pursuant to the terms of this Agreement.

8. The Escrow Agent reserves the right to resign hereunder, upon thirty (30) days prior written notice to the Issuer. In the event of said resignation, and prior to the effective date thereof,

the Issuer and the Representative, by written notice to the Escrow Agent, shall designate a successor escrow agent to assume the responsibilities of the Escrow Agent under this Agreement, and the Escrow Agent immediately shall deliver any undisbursed Escrow Account funds to such successor escrow agent. If the Issuer and the Representative shall fail to designate such a successor escrow agent within such time period, the Escrow Agent may deliver any undisbursed funds into the registry of any court having jurisdiction.

9. The parties hereto agree that the following provisions shall control with respect to the rights, duties, liabilities, privileges and immunities of the Escrow Agent:

a. The Escrow Agent shall have no obligation to invest the Escrow Account.

b. The Escrow Agent shall have no responsibility except for the safekeeping and delivery of the amounts deposited in the Escrow Account in accordance with this Agreement. The Escrow Agent shall not be liable for any act done or omitted to be done under this Agreement or in connection with the amounts deposited in the Escrow Account, except as a result of the escrow Agent's gross negligence, willful misconduct or fraud. The Escrow Agent is not a party to nor is it bound by, nor need it give consideration to the terms of provisions of, even though it may have knowledge of, (i) any agreement or undertaking by, between or among the Issuer and any other party, except this Agreement, (ii) any agreement or undertaking that may be evidenced by this Agreement, (iii) any other agreements that may now or in the future be deposited with the Escrow Agent in connection with this Agreement. The Escrow Agent is not a party to, is not responsible for, and makes no representation with respect to the offer, sale or distribution of the Shares including, but not limited to, matters set forth in any offering documents prepared and distributed in connection with the offer, sale and distribution of the Shares. The

Issuer covenants that it will not commence any action against the Escrow Agent at law, in equity, or otherwise as a result of any action against the Escrow Agent at law, in equity, or otherwise as a result of any action taken or thing done by the Escrow Agent pursuant to this Agreement, or for any disbursement made as authorized herein upon failure of the Issuer to give the notice within the times herein prescribed. The Escrow Agent has no duty to determine or inquire into any happening or occurrence of or of any performance or failure of performance of the Issuer or of any other party with respect to agreements or arrangements with any other party. If any question, dispute or disagreement arises among the parties hereto and/or any other party with respect to the funds deposited in the Escrow Account or the proper interpretation of this Agreement, the Escrow Agent shall not be required to act and shall not be held liable for refusal to act until the question or dispute is settled, and the Escrow Agent has the absolute right at its discretion to do either or both of the following:

(i) withhold and/or stop all further performance under this Agreement until the Escrow Agent is satisfied, by receipt of a written document in form and

substance satisfactory to the Escrow Agent and executed and binding upon all interested parties hereto (who may include the subscribers), that the question, dispute or disagreement had been resolved; or

(ii) file a suite in interpleader and obtain by final judgment, rendered by a court of competent jurisdiction, an order binding all parties interested in the matter. In any such suit, or should the Escrow Agent become involved in litigation in any manner whatsoever on account of this Agreement or the Escrow Account, the Escrow Agent shall be entitled to recover from the Issuer its attorneys' fees and costs.

The Escrow Agent shall never be required to post a bond in connection with any services hereunder. The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection for and shall not be liable for any action taken or suffered by it hereunder in good faith and believed by it to be authorized hereby, nor for action taken or omitted by it in accordance with the advice of such counsel (who shall not be counsel for the Issuer).

c. The Escrow Agent shall be obligated only for the performance of such duties as are specifically set forth in this Agreement and may rely and shall be protected in acting or refraining from acting upon any written notice, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper party or parties and to take statements made therein as authorized and

correct without any affirmative duty of investigation.

d. The Issuer hereby agrees to indemnify the Escrow Agent for, and to hold it harmless against, any loss, liability, or expense (including, without limitation, all legal expenses incurred in enforcing any of the provisions of this Agreement or otherwise in connection herewith) incurred without gross negligence, willful misconduct or fraud on the part of the Escrow Agent, arising out of or in connection with its entering into this Agreement and carrying out its duties hereunder, including the costs and expenses of defending itself against any claim of liability hereunder or arising out of or in connection with the sale of the Shares. This covenant shall survive the termination of this Agreement.

e. The Escrow Agent shall not be bound by any modification, amendment, termination, cancellation, recision or supersession of this Agreement unless the same shall be in writing and signed by all of the other parties hereto and, if its duties as Escrow Agent hereunder are affected thereby, unless it shall have given prior written consent thereto.

10. Notices required to be sent hereunder shall be delivered by hand, sent by an express mail service or sent via United States mail, postage prepaid, certified, return receipt requested, to the following address:

If to the Issuer:
Rushmore Financial Group, Inc.
Attn: Ms. Chris Miller
13355 Noel Road, Suite 650
Dallas, Texas 75240

If to the Representative:
First Southwest Company
Attn: Mr. Michael Nguyen
1700 Pacific Avenue, Suite 500
Dallas, Texas 75201

If to Escrow Agent:
Bank One, Texas, NA
Corporate Trust Department
8111 Preston Road, 2nd Floor
Dallas, Texas 75225

No notice to the Escrow Agent shall be deemed to be delivered until actually received by the Escrow Agent. From time to time any party hereto may designate an address other than the address listed above by giving the other parties hereto not less than five (5) days advance notice of such change in address in accordance with the provisions hereof.

11. Each of the parties hereto agrees that the Securities Administrator of the North American Securities Administrators Association, Inc. (the "Administrator") shall have the right to inspect and make copies of the records

of the Escrow Agent relating to the Escrow Account at the offices of the Escrow Agent upon reasonable advance written notice.

12. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Texas and the laws of the United States applicable to transactions in Texas.

EXECUTED on the date first written above.

ISSUER:

By: _____

Title: _____

REPRESENTATIVE:

By: _____

Title: _____

ESCROW AGENT:

By: _____

Title: _____

EXHIBIT 5.1

[LETTERHEAD OF GLAST, PHILLIPS & MURRAY APPEARS HERE]

January 28, 1998

Rushmore Financial Group, Inc.
13355 Noel Road, Suite 650
Dallas, Texas 75240

Re: Form SB-2 Registration Statement relating to the registration of up to 1,250,000 shares of common stock, $0.01 par value of Rushmore Financial Group, Inc.

Gentlemen:

We are acting as counsel for Rushmore Financial Group, Inc., a Texas corporation (the "Company"), in connection with the filing under the Securities Act of 1933, as amended, of a Registration Statement for the Company on Form SB-2 filed with the Securities and Exchange Commission ("SEC") (the "Registration Statement"), covering an aggregate of up to 1,250,000 shares (the "Shares") of common stock, par value $0.01 per share (the "Common Stock"), of the Company.

In that connection, we have examined the Form SB-2 Registration Statement in the form to be filed with the SEC. We have also examined and are familiar with the originals or authenticated copies of all corporate or other documents, records and instruments that we have deemed necessary or appropriate to enable us to render the opinion expressed below.

We have assumed that all signatures on all documents presented to us are genuine, that all documents submitted to us as originals are accurate and complete, that all documents submitted to us as copies are true and correct copies of the originals thereof, that all information submitted to us was accurate and complete and that all persons executing and delivering originals or copies of documents examined by us were competent to execute and deliver such documents. In addition, we have assumed that the Shares will not be issued for consideration less than the par value thereof and that the form of consideration to be received by the Company for the Shares will be lawful consideration under the Texas Business Corporation Act.

Based on the foregoing and having due regard for the legal considerations we deem relevant, we are of the opinion that the Shares, or any portion thereof, when issued as described in the Registration Statement, will be validly issued by the Company, fully paid and nonassessable.

This opinion is limited in all respects to the laws of the United States of America and the Texas Business Corporation Act.

We advise you that members of this firm own a total of 5,434 shares of Common Stock of the Company.

This opinion may be filed as an exhibit to the Registration Statement.

Sincerely,

/s/ GLAST, PHILLIPS & MURRAY, P.C.

GLAST, PHILLIPS & MURRAY, P.C.

RLB/mdg

Exhibit 10.1.1

EXECUTIVE COMPENSATION AGREEMENT

This Executive Compensation Agreement dated as of the 18th day of November, 1997, between Rushmore Financial Group, Inc., a Texas Corporation (hereinafter referred to as "Rushmore") and Dewey M Moore, Jr., (hereinafter referred to as "Officer").

WITNESSETH:

WHEREAS, Officer is President and Chief Operating Officer of Rushmore (Rushmore, its subsidiaries and RSC are hereinafter collectively referred to as the "Companies"), and Officer has direct supervisory responsibilities for all functions of the Companies; and

WHEREAS, Rushmore desires that Officer continue to use his experience and abilities in the business of the Companies in a capacity similar to that in which he has heretofore served; and

WHEREAS, Officer desires to accept such employment upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed as follows:

1. Employment. Rushmore hereby agrees to continue to employ Officer and Officer hereby agrees to continue to serve Rushmore as President and Chief Executive Officer of Rushmore and in other capacities similar to those in which he has heretofore served, for the term and on the conditions hereinafter set forth. Officer shall have such executive duties to Companies during the term of this Agreement as shall be determined by the Board of Directors of Rushmore; however, Officer shall not be assigned to a position which shall substantially diminish his prestige or responsibility compared to that which he has heretofore enjoyed with Rushmore. Subject to the foregoing, Officer hereby agrees to serve in any comparable executive position in the State of Texas to which he shall be directed by the Board of Directors of Rushmore, excluding service in the insurance related businesses of Rushmore, and further agrees to use his best efforts to promote the efficient and profitable operation of the business of Rushmore.

2. Term of Employment. The term of Officer's employment shall continue subject to the provisions of this Agreement, commencing as of the date hereof, until December 31, 2000. Beginning January 1, 1998, and on the first day of each month thereafter, the term shall annually be extended for

a successive additional one-month period unless either party notifies the other that it intends to terminate this Agreement. If such a notice is given, this Agreement will terminate on the last day of the term of this Agreement.

3. Compensation.
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a. Base Compensation. As base compensation for services provided
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pursuant to this Agreement, Rushmore shall initially pay Officer compensation at the rate of $138,000.00 per year, which amount shall be paid beginning January 1, 1998. Within three months prior to each January 1st, the Board of Directors of Rushmore will evaluate the performance of Officer and the compensation paid to executives in other companies in the Financial Services Sector of similar size and scope of operations, during the previous year and fix his Base Compensation for the next following year at an amount which shall not be less than the prior year's Base Compensation as determined by the Board of Directors. When a new Base Compensation is fixed by the Board of Directors of Rushmore under this paragraph, it shall become the new Base Compensation and thereafter the Base Compensation shall not be less than that amount, without regard to any elective deferral of compensation by Officer. The Base Compensation provided for in this Paragraph 3 shall be payable in equal semimonthly installments on the first and fifteenth business day of each month.

b. Additional Compensation. Officer shall also earn commissions and
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overrides for accounts serviced by him personally as broker, and override commissions on commissions earned by persons introduced by Officer to Rushmore and its subsidiaries or affiliates, in accordance with the commission rates applicable to him, which shall be paid semimonthly as provided above. The Board of Directors of Rushmore reserves the right to pay to Officer compensation and any other bonus or incentive compensation, in money, stock options, or any other form, as the Board in its discretion deems appropriate. The total of the Base Compensation and Additional Compensation shall be Combined Compensation hereunder. In any year in which Officer shall elect to defer a portion of the Base Compensation to which he is entitled, such deferred amount shall be paid to Officer in the following year of this Agreement or its termination.

c. Reimbursement. Rushmore shall provide Officer with an automobile, or
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an allowance for such, for his business use and pay all expenses of operating it. So long as Officer shall be employed by Rushmore, he shall be entitled and authorized to incur reasonable and necessary

expenses in connection with or related to his business duties, including without limitation, expenses for travel, entertainment, maintaining membership in various clubs and similar expenses. Rushmore will pay all such expenses directly or will reimburse Officer for them.

4. Participation in Employee Benefit Programs. Officer will be entitled to participate on the same basis as other executive employees in any employee benefit programs presently in force or subsequently adopted by Rushmore, including such pension and profit-sharing plans, hospitalization, medical and health and accident insurance programs, policies and

benefits, life insurance programs and pension and retirement benefit plans as may from time to time be in effect.

5. Payments Upon Death or Disability

a. In the event that Officer should die, Rushmore shall pay to the beneficiary as may have been designated in writing by Officer or, failing such designation, to Officer's estate, the sum of three (3) years' Combined Compensation at the then existing rate. Such payment shall be made either in cash within one hundred twenty (120) days after Officer's death or disability, or in thirty-sixty (36) equal monthly installments, as determined by Rushmore.

b. Rushmore shall acquire for the benefit of Officer, disability insurance to pay to Officer a benefit of 75% of his Combined Compensation for the last complete year of employment, in the event Officer shall become totally disabled. Officer's occasional absence from work for reasonable periods of time because of sickness (not resulting in total disability) shall not result in any adjustment in his compensation or rights under this Agreement. For the purpose of this Agreement, the term "totally disabled" or "total disability" mean Officer's inability on account of sickness or accident to regularly engage or to adequately perform his assigned duties under this Agreement.

6. Severance Pay Upon Termination. In the event Officer's employment is terminated by Rushmore, except for "cause" and except for Officer's death or total disability, Rushmore shall pay to Officer as severance pay the sum of three years' Base Compensation at the then existing rate, plus any sums due in respect of increases in Base Compensation pursuant to Paragraph 3(a) hereof. Such payment shall be made in thirty-sixty (36) equal monthly installments. Termination for "cause" shall mean termination by Rushmore for any of the following reasons:

a. Willfully and significantly damaging Rushmore's property, business, reputation or goodwill;

b. The commission of a felony;

c. Stealing, dishonesty, fraud or embezzlement;

d. Deliberate neglect of duty, or resignation.

Notwithstanding any other provision of this Agreement, if during any period of time, Officer receives severance pay pursuant to this Paragraph 6 and concurrently therewith is paid any Combined Compensation (as defined in Paragraph 3(b) hereof), then the amount of severance pay to which Officer would otherwise be entitled hereunder shall be reduced during such period by an amount equal to the Combined Compensation paid during such period.

7. TRADE SECRETS AND CONFIDENTIAL INFORMATION. During the term of this Agreement, Officer will have access to customer lists and compilations of information and records specific to and regularly used in the operation of the business of Rushmore and its subsidiaries including RISI. Officer acknowledges that such information constitutes valuable and confidential information of the Rushmore. Officer shall not disclose any of the aforesaid private company secrets, directly or indirectly, nor use them in any way, either during the term of this Agreement or after termination of employment. All files, records, electronic and magnetic files, documents, specifications, equipment and similar information relating to the business of Rushmore, whether prepared by Officer or otherwise coming into Officer's possession, shall remain the exclusive property of Rushmore and shall not be removed from the premises of Rushmore except as shall be necessary for Officer to perform Officer's duties under this Agreement. Upon termination of this Agreement for any reason, Officer will deliver all such materials in his possession and all copies thereof to Rushmore.

8. RESTRICTIVE COVENANTS. In consideration the severance provisions of this Agreement and of the provision to Officer of Rushmore's trade secrets and confidential information, and in order to protect the rights of Rushmore and its subsidiaries including RISI to its trade secrets, confidential information, and client relationships, the Officer hereby agrees as follows:

8.1 Officer agrees that during the term of this Agreement and for a period of two (2) years following any termination of employment, Officer shall not be an officer, director, employee, agent or representative, or an owner of more than five percent (5%) of the outstanding capital stock of any corporation, or an owner of any interest in, or employee, agent or representative of, any other form of business association, sole proprietorship or partnership that solicits, hires (whether or not solicited) or otherwise attempts to induce any employees, agents or

representatives of Rushmore and its subsidiaries including RISI to terminate their position as employee, agent or representative therewith.

8.2 Officer agrees that, during the term of this Agreement and for a period of two (2) years following termination for any reason, Officer shall not, directly or indirectly by being an officer, director, employee, agent, representative or consultant, or a record or beneficial owner of more than five percent of the outstanding capital stock of any corporation or an owner of any interest in, or employee of, any other form of business association, sole proprietorship or partnership, conduct a financial services business or organization which engages or participates, directly or indirectly, in any business or activity that is engaged in the sale of insurance, securities or other investment products or otherwise competes with Rushmore and its subsidiaries including RISI anywhere within the State of Texas or any city of the United States in which the Rushmore and its subsidiaries including RISI maintains a retail office.

8.3 In the event that any adjudicative body shall finally hold that this Section 9 constitutes an unreasonable restriction upon Officer, the parties hereby expressly agree

that the provisions of this Section 9 shall not be rendered void, but shall apply as to time and territory or to such other extent as such body may indicate constitutes a reasonable restriction under the circumstances involved.

8.4 Officer agrees that irreparable harm would occur if any of the provisions of Section 7 or 8 were breached and that the Company shall be entitled to obtain an injunction or other equitable relief to enforce specifically the provisions thereof in any court of competent jurisdiction.

9. Vacation/Sick Days. Officer shall be entitled to an annual vacation of three (3) weeks each year at full compensation at a time mutually satisfactory to Rushmore and Officer. Unused vacation and sick days may be accrued indefinitely.

10. Approval by the Board of Directors. This Agreement has been approved by the Board of Directors of Rushmore.

11. Agreement is Personal. This Agreement is a personal agreement and the rights and interests hereunder (except that of Rushmore) may not be sold, transferred, assigned, pledged or hypothecated. This Agreement shall be binding on the heirs, executors and administrators of Officer and on the successors and assigns of Rushmore. During, Officer's lifetime, the parties hereto by mutual agreement may amend, modify or rescind this Agreement without the consent of any other person.

12. Severability of Provisions. If any of the provisions of this Agreement shall be held invalid, the remainder of this Agreement shall not be affected thereby.

13. Governing Law. This instrument contains the entire agreement between the parties and shall be governed by the laws of the State of Texas. It may be amended only by agreement in writing signed by each of the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

RUSHMORE FINANCIAL GROUP, INC.

By: /s/ Jim W. Clark
Jim W. Clark, Secretary

/s/ Dewey M. (Rusty) Moore, Jr.
Dewey M (Rusty) Moore, Jr.

Exhibit 10.1.2

EXECUTIVE COMPENSATION AGREEMENT

This Executive Compensation Agreement dated as of the 18th day of October, 1997, between Rushmore Financial Group, Inc., a Texas Corporation (hereinafter referred to as "Rushmore") and Jim W. Clark, (hereinafter referred to as "Officer").

WITNESSETH:

WHEREAS, Officer is President and Chief Operating Officer of Rushmore Securities Corporation ("RSC"), a Texas corporation and licensed securities brokerage, a wholly owned subsidiary of Rushmore, (Rushmore, its subsidiaries and RSC are hereinafter collectively referred to as the "Companies"), and Officer has other supervisory responsibilities for other functions of the Companies; and

WHEREAS, Rushmore desires that Officer continue to use his experience and abilities in the business of the Companies in a capacity similar to that in which he has heretofore served; and

WHEREAS, Officer desires to accept such employment upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed as follows:

1. Employment. Rushmore hereby agrees to continue to employ Officer and
   ----
   Officer hereby agrees to continue to serve Rushmore as President and Chief Operating Officer of Rushmore Securities Corporation and in other capacities similar to those in which he has heretofore served, for the term and on the conditions hereinafter set forth. Officer shall have such executive duties to Companies during the term of this Agreement as shall be determined by the Board of Directors of Rushmore; however, Officer shall not be assigned to a position which shall substantially diminish his prestige or responsibility compared to that which he has heretofore enjoyed with Rushmore. Subject to the foregoing, Officer hereby agrees to serve in any comparable executive position in the State of Texas to which he shall be directed by the Board of Directors of Rushmore, excluding service in the insurance related businesses of Rushmore, and further agrees to use his best efforts to promote the efficient and profitable operation of the business of Rushmore.

2. Term of Employment. The term of Officer's employment shall continue
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subject to the provisions of this Agreement, commencing as of the date hereof, until December 31, 2000. Beginning January 1, 1998, and each January 1st thereafter, the term shall annually be extended for a successive additional one-year period unless either party notifies the other at least ninety (90) days before any January 1st, or January 1st, of any later year

immediately following the year terminating a thirty-six month renewal period, that it intends to terminate. If such a notice is given, this Agreement will terminate on December 3 Ist following the date of the notice.

3. Compensation.

a. Base Compensation. As base compensation for services provided pursuant to this Agreement, Rushmore shall initially pay Officer compensation at the rate of $96,000.00 per year, which amount shall be paid beginning January 1, 1998. Within three months prior to each January 1st, the Board of Directors of Rushmore will evaluate the performance of Officer and the compensation paid to executives in other companies in the Financial Services Sector of similar size and scope of operations, during the previous year and fix his Base Compensation for the next following year at an amount which shall not be less than the prior year's Base Compensation as determined by the Board of Directors. When a new Base Compensation is fixed by the Board of Directors of Rushmore under this paragraph, it shall become the new Base Compensation and thereafter the Base Compensation shall not be less than that amount, without regard to any elective deferral of compensation by Officer. The Base Compensation provided for in this Paragraph 3 shall be payable in equal semimonthly installments on the first and fifteenth business day of each month.

b. Additional Compensation. Officer shall also earn commissions and overrides for accounts serviced by him personally as broker for RSC, and override commissions on commissions earned by persons introduced by Officer to Rushmore and its subsidiaries or affiliates, in accordance with the commission rates applicable to him, which shall be paid semimonthly as provided above. The Board of Directors of Rushmore reserves the right to pay to Officer compensation and any other bonus or incentive compensation, in money, stock options, or any other form, as the Board in its discretion deems appropriate. The total of the Base Compensation and Additional Compensation shall be Combined Compensation hereunder. In any year in which Officer shall elect to defer a portion of the Base Compensation to which he is entitled, such deferred amount shall be paid to Officer in the following year of this Agreement or its termination.

c. Reimbursement. Rushmore shall provide Officer with an automobile, or an allowance for such, for his business use and pay all expenses of operating it. So long as Officer shall be employed by Rushmore, he shall be entitled and authorized to incur reasonable and necessary expenses in connection with or related to his business duties, including without limitation, expenses for travel, entertainment, maintaining membership in various clubs and similar expenses. Rushmore will pay all such expenses directly or will reimburse Officer for them.

4. Participation in Employee Benefit Programs. Officer will be entitled to participate on the same basis as other executive employees in any employee benefit programs presently in force or subsequently adopted by Rushmore, including such pension and profit-sharing plans, hospitalization, medical and health and accident insurance programs, policies and benefits, life insurance programs and pension and retirement benefit plans as may from time to time be in effect.

5. Payments Upon Death or Disability

a. In the event that Officer should die, Rushmore shall pay to the beneficiary as may have been designated in writing by Officer or, failing such designation, to Officer's estate, the sum of three (3) years' Combined Compensation at the then existing rate. Such payment shall be made either in cash within one hundred twenty (120) days after Officer's death or disability, or in thirty-sixty (36) equal monthly installments, as determined by Rushmore.

b. Rushmore shall acquire for the benefit of Officer, disability insurance to pay to Officer a benefit of 75% of his Combined Compensation for the last complete year of employment, in the event Officer shall become totally disabled. Officer's occasional absence from work for reasonable periods of time because of sickness (not resulting in total disability) shall not result in any adjustment in his compensation or rights under this Agreement. For the purpose of this Agreement, the term "totally disabled" or "total disability" mean Officer's inability on account of sickness or accident to regularly engage or to adequately perform his assigned duties under this Agreement.

6. Severance Pay Upon Termination. In the event Officer's employment is terminated by Rushmore, except for "cause" and except for Officer's death or total disability, Rushmore shall pay to Officer as severance pay the sum of three years' Base Compensation at the then existing rate, plus any sums due in respect of increases in Base Compensation pursuant to Paragraph 3(a)

hereof. Such payment shall be made in thirty-sixty (36) equal monthly installments. Termination for "cause" shall mean termination by Rushmore for any of the following reasons:

a. Willfully and significantly damaging Rushmore's property, business, reputation or goodwill;

b. The commission of a felony;

c. Stealing, dishonesty, fraud or embezzlement;

d. Deliberate neglect of duty, or resignation.

Notwithstanding any other provision of this Agreement, if during any period of time, Officer receives severance pay pursuant to this Paragraph 6 and concurrently therewith is paid any Combined Compensation (as defined in Paragraph 3(b) hereof), then the amount of severance pay to which Officer would otherwise be entitled hereunder shall be reduced during such period by an amount equal to the Combined Compensation paid during such period.

7. TRADE SECRETS AND CONFIDENTIAL INFORMATION. During the term of this Agreement, Officer will have access to customer lists and compilations of information and records specific to and regularly used in the operation of the business of Rushmore and its subsidiaries including RISI. Officer acknowledges that such information constitutes valuable and confidential information of the Rushmore. Officer shall not disclose any of the aforesaid private company secrets, directly or indirectly, nor use them in any way, either during the term of this Agreement or after termination of employment. All files, records, electronic and magnetic files, documents, specifications, equipment and similar information relating to the business of Rushmore, whether prepared by Officer or otherwise coming into Officer's possession, shall remain the exclusive property of Rushmore and shall not be removed from the premises of Rushmore except as shall be necessary for Officer to perform Officer's duties under this Agreement. Upon termination of this Agreement for any reason, Officer will deliver all such materials in his possession and all copies thereof to Rushmore.

8. RESTRICTIVE COVENANTS. In consideration the severance provisions of this Agreement and of the provision to Officer of Rushmore's trade secrets and confidential information, and in order to protect the rights of Rushmore and its subsidiaries including RISI to its trade secrets, confidential information, and client relationships, the Officer hereby agrees as follows:

8.1 Officer agrees that during the term of this Agreement and for a period of two (2) years following any termination of employment, Officer shall not be an officer, director, employee, agent or representative, or an owner of more than five percent (5%) of the outstanding capital stock of any corporation, or an owner of any interest in, or employee, agent or representative of, any other form of business association, sole

proprietorship or partnership that solicits, hires (whether or not solicited) or otherwise attempts to induce any employees, agents or representatives of Rushmore and its subsidiaries including RISI to terminate their position as employee, agent or representative therewith.

8.2 Officer agrees that, during the term of this Agreement and for a period of two (2) years following termination for any reason, Officer shall not, directly or indirectly by being an officer, director, employee, agent, representative or consultant, or a record or beneficial owner of more than five percent of the outstanding capital stock of any corporation or an owner of any interest in, or employee of, any other form of business association, sole proprietorship or partnership, conduct a financial services business or organization which engages or participates, directly or indirectly, in any business or activity that is engaged in the sale of insurance, securities or other investment products or

otherwise competes with Rushmore and its subsidiaries including RISI anywhere within the State of Texas or any city of the United States in which the Rushmore and its subsidiaries including RISI maintains a retail office.

8.3 In the event that any adjudicative body shall finally hold that this Section 9 constitutes an unreasonable restriction upon Officer, the parties hereby expressly agree that the provisions of this Section 9 shall not be rendered void, but shall apply as to time and territory or to such other extent as such body may indicate constitutes a reasonable restriction under the circumstances involved.

8.4 Officer agrees that irreparable harm would occur if any of the provisions of Section 7 or 8 were breached and that the Company shall be entitled to obtain an injunction or other equitable relief to enforce specifically the provisions thereof in any court of competent jurisdiction.

9. Vacation/Sick Days. Officer shall be entitled to an annual vacation of three (3) weeks each year at full compensation at a time mutually satisfactory to Rushmore and Officer. Unused vacation and sick days may be accrued indefinitely.

10. Approval by the Board of Directors. This Agreement has been approved by the Board of Directors of Rushmore.

11. Agreement is Personal. This Agreement is a personal agreement and the rights and interests hereunder (except that of Rushmore) may not be sold, transferred, assigned, pledged or hypothecated. This Agreement shall be binding on the heirs, executors and administrators of Officer and on the successors and assigns of Rushmore. During, Officer's lifetime, the parties hereto by mutual agreement may amend, modify or rescind this Agreement

without the consent of any other person.

12. Severability of Provisions. If any of the provisions of this Agreement shall be held invalid, the remainder of this Agreement shall not be affected thereby.

13. Governing Law. This instrument contains the entire agreement between the parties and shall be governed by the laws of the State of Texas. It may be amended only by agreement in writing signed by each of the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

RUSHMORE FINANCIAL GROUP, INC.

By: /s/ Dewey M. Moore, Jr

Dewey M. (Rusty) Moore, Jr., President

/s/ Jim W. Clark

Jim W. Clark

EXHIBIT 10.2.5

COINSURANCE AGREEMENT

THIS COINSURANCE AGREEMENT, made and entered into as of the 1st day of October, 1990, by and between MASSACHUSETTS GENERAL LIFE INSURANCE COMPANY ("Ceding Insurer"), a Massachusetts corporation, with principal offices located at 7887 East Belleview Avenue, Englewood, Colorado 80111, and FIRST FINANCIAL LIFE INSURANCE COMPANY ("Reinsurer"), an Arizona corporation, with principal offices located at Phoenix, Arizona, and with administrative offices located at 7887 East Belleview Avenue, Englewood, Colorado 80111.

W-I-T-N-E-S-S-E-T-H

WHEREAS, Ceding Insurer, Reinsurer, WABASH LIFE INSURANCE COMPANY, a Kentucky corporation and an affiliate of Ceding Insurer, and FIRST FINANCIAL MARKETING SERVICES ("Marketing Company"), a Florida corporation and an affiliate of Reinsurer, entered into a Marketing Agreement (herein so-called) effective February 23, 1989;

NOW, THEREFORE, in consideration of the premises and the mutual promises of the parties hereto, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Definitions. Except as otherwise indicated herein, all terms used in the Marketing Agreement shall have the same meaning in this Coinsurance Agreement. In addition, the following terms shall mean:

1.1 "Abatement " means the termination of the provisions of this Coinsurance Agreement relating to the cession of additional Insurance Business Produced, but excludes the termination of the remaining provisions of the Coinsurance Agreement.

1.2 "Accounting Period" means each calendar quarter ending on March 31, June 30, September 30 and December 31 of each year.

1.3 "Beginning Calendar Year" means the period commencing with the effective date of this Coinsurance Agreement and ending December 31,1990.

1.4 "Calculation Period" means the Beginning Calendar Year, the Ending Calendar Year and each Calendar Year occurring in between them.

1.5 "Calendar Year" means each twelve month period beginning January 1st and ending December 31st.

1.6 "Ending Calendar Year" means the period commencing on January 1st of the year in which this Coinsurance Agreement is Abated and ending on the date of Abatement.

1.7 "First Year Paid Life Insurance Premiums" means the life insurance premiums received by the Ceding Insurer on the Policies reinsured hereunder during the first year each of such Policies is in effect, exclusive of (i) lump sum cash deposits in excess of published premium rates and (ii) premiums for flexible premium life insurance contracts in excess of control premiums.

1.8 "Gross Premium" means all of the paid premiums received by Ceding Insurer on the Policies reinsured hereunder including (i) lump sum cash deposits in excess of published premium rates and (ii) premiums for flexible premium life insurance contracts in excess of control premiums.

1.9 "Quota Share" means for any given Calculation Period, a fifty percent (50%) undivided interest in the Insurance Business Produced.

1.10 "Reserve Liability" means the actuarial reserves relating to the

Policies reinsured hereunder as reported in Exhibit 8 of Ceding Insurer's Annual Statement prepared on forms prescribed by the National Association of

Insurance Commissioners ("NAIC Statement"). Such reserves shall be determined on the same basis as that used by the Ceding Insurer in computing its Reserve Liability.

1.11 "Termination" means the termination of all of the provisions of this Coinsurance Agreement and includes the recapture by Ceding Insurer of all Policies previously reinsured hereunder.

2 Reinsurance. The Ceding Insurer hereby agrees to cede and Reinsurer agrees to assume and reinsure from Ceding Insurer, on a coinsurance basis, Reinsurer's Quota Share of the life insurance policies listed in Appendix "1", which is attached hereto and incorporated herein (hereinafter referred to as "Policies"); all of which were previously issued or assumed by Ceding Insurer, and which are in force as of the Effective Date hereof (as hereinafter defined).

2.1 This Coinsurance Agreement is an indemnity reinsurance agreement solely between the Ceding Insurer and the Reinsurer and, except as otherwise provided herein, the performance of the obligations of each party hereunder shall be rendered solely to the other party. Except as otherwise provided herein, no person other than Ceding Insurer and Reinsurer shall have any rights under this Coinsurance Agreement and the Ceding Insurer shall be and remain solely liable to any insured, policyowner, or beneficiary under the Policies reinsured hereunder.

2.2 Reinsurer shall, except for Policy Issue Expenses and Policy Maintenance Expenses and Premium Taxes, share with the Ceding Insurer, on the basis of Reinsurer's Quota Share, in all transactions relating to the Policies reinsured hereunder, including, without limitation:

(a) All premium transactions effected.

(b) All Commissions, fees and bonuses paid to or for the benefit of the General Agents.

(c) All policy benefits paid.

(d) All policyholder dividends paid.

(e) All nonforfeiture benefits paid.

2.3 Except as provided herein, the liability of Reinsurer with respect to the Policies reinsured hereunder shall begin and end simultaneously with the liability of the Ceding Insurer.

2.4 Reinsurer's Quota Shore of reinsurance hereunder shall be maintained in force as to the Policies reinsured hereunder without reduction so long as the amount of insurance for which the Ceding Insurer is obligated under such Policies remains in force without reduction.

3. Consideration and Reserves. Coding Insurer and Reinsurer agree as follows:

3.1 Reinsurer agrees to pay to Ceding Insurer a ceding commission of $2,984 cash.

3.2 Reinsurer agrees to assume and fund its Percentage Share of the Reserve Liability on the Policies. Reinsurer's Percentage Share of the Reserve Liability on the Policies as of the Effective Date was $18,148. Ceding Insurer may inspect the books of Reinsurer at any reasonable time to ascertain that such Reserve Liability is so maintained.

3.3 Ceding Insurer agrees to promptly assign, convey and transfer to the Reinsurer assets deemed to be admitted assets and which qualify as reserve assets within the meaning of the Massachusetts and Arizona Insurance Codes

("Admitted Assets") that have a value as determined in accordance with such Insurance Codes ("Admitted Asset Value") of $18,148, which Admitted Assets

shall include Reinsurer's Percentage Share of the net due and deferred premiums on the Policies which, as of the Effective Date, was $0.

4. Expenses. Except as otherwise provided herein, Ceding Insurer shall bear all expenses relating to the issuance and maintenance of the Policies reinsured hereunder.

4.1 For purposes of this Coinsurance Agreement, Policy Issue Expenses (herein so-called) for each new Policy reinsured hereunder and Policy Maintenance Expenses (herein so-called) for each Policy reinsured hereunder are detailed in Schedule A (attached). Reinsurer shall reimburse the Ceding Insurer for Policy Issue Expenses and Policy Maintenance Expenses in an amount equal to Reinsurer's Quota Share of the Policies reinsured hereunder, expressed as a percentage of the Policy Issue Expenses and the Policy Maintenance Expenses.

4.2 Service Fees shall be paid by the Reinsurer as detailed in Exhibit C of the Marketing Agreement, effective February 23, 1989, (the Administrative Services Agreement) for the duration the business described herein remains in force.

4.3 Premium taxes shall be calculated as two percent (2%) of Collected Quota Share Premium.

5. Payments By Ceding Insurer. Within 60 days after the end of each Accounting Period, Ceding Insurer shall deliver to Reinsurer an accounting with respect to all Policies reinsured hereunder and Ceding Insurer shall pay to Reinsurer the sum of:

(a) Reinsurer's Quota Share of Gross Premiums for such Accounting Period.

(b) Reinsurer's Quota Share of Policy loan interest for such Accounting Period.

5.1 All sums due Reinsurer shall be offset, to the extent applicable, against all sums due Ceding Insurer under Paragraph 6 below.

6. Payments By Reinsurer. Within 60 days after the end of each Accounting Period, Reinsurer shall pay to Ceding Insurer the sum of:

(a) Reinsurer's Quota Share of all disbursements made by Ceding Insurer with respect to the Policies for such Accounting Period (other than disbursements relating to Policy Issue Expenses and Policy Maintenance Expenses and Premium Taxes) including, without limitation, all death benefits, nonforfeiture benefits, matured endowments, disability waiver of premium benefits, policyholder dividends, policy loans, commissions and bonuses and Reinsurer agrees that it will pay all costs and expenses incurred by it or on its behalf in connection with the retrocession of any liability on the Policies reinsured hereunder.

(b) Reinsurer's Quota Share of all Policy Issue Expenses, Policy Maintenance Expenses, Premium Taxes and Service Fees for such Accounting Period.

6.1 All sums due Reinsurer shall be offset, to the extent applicable, against all sums due Reinsurer under Paragraph 5 above.

7. Reinsurance Accounting and Reporting

7.1 Ceding Insurer shall administer the Policies and perform all accounting. Accounting shall be on a bulk basis at the end of each Accounting Period.

7.2 Ceding Insurer shall provide Reinsurer with all information, if any, used in preparing Ceding Insurer's Federal Income Tax Return (Form 1120L) which is necessary for Reinsurer to complete its return with respect to the reinsurance hereunder on a timely basis.

8. Retrocession. Reinsurer agrees that its retrocession of any liability on the Policies reinsured hereunder will not relieve Reinsurer from any liability assumed hereunder by Reinsurer. Reinsurer agrees that it will pay all costs and expenses incurred by it or on its behalf in connection with the retrocession of any liability on the Policies reinsured hereunder.

9. Oversight. It is understood and agreed that if failure to comply with any terms of this Coinsurance Agreement is shown to be unintentional and the result of misunderstanding or oversight on the part of either the Ceding Insurer or Reinsurer, both the Ceding Insurer and Reinsurer shall be restored to the positions they would have been in had no such misunderstanding or oversight occurred.

10. Reinstatement. If a Policy reinsured hereunder lapses for nonpayment of premium and is subsequently reinstated by the Ceding Insurer under its regular rules, Reinsurer will automatically reinstate its reinsurance with respect to such Policy. The Ceding Insurer will promptly notify Reinsurer regarding any such reinstatement and will pay to Reinsurer its share of premiums in arrears, with interest at the same rate and in the same manner as received by the Ceding Insurer in connection with the reinstatement.

11. Misstatement. If the insured's age or sex was misstated and the amount of insurance in the Ceding Insurer's policies is adjusted, Ceding Insurer and Reinsurer will share the adjustment in proportion to the amount of liability of each at the time of issue of the policies. Premiums will be recalculated for the correct age or sex and amounts according to the proportion as above, and adjusted without interest. If the insured is still alive, the method above will be used for past years. The amount of reinsurance and premium will be adjusted for the future to the amount that would have been correct at issue.

In the event the amount of insurance provided by a policy or policies reinsured hereunder is increased or reduced because of misstatement of age or sex, which misstatement is established after the death of the insured, the net insurance liability of the Reinsurer shall increase or reduce in the proportion that the net reinsurance liability of the Reinsurer bore to the sum of the net retained liability of the Ceding Insurer immediately prior to the discovery of such missstatement.

12. Settlement of Claims.

12.1 The Ceding Insurer shall give the Reinsurer prompt notice of any claim submitted on a policy reinsured hereunder and prompt notice of the commencement of any legal proceedings in connection therewith. Copies of all documents bearing on such claim or proceeding shall be furnished to the Reinsurer when requested.

12.2 The Reinsurer shall accept the good faith decision of the Ceding Insurer in settling any claim or suit and shall pay at the Ceding Insured's, Home Office, the Reinsurer's share of net reinsurance liability upon receiving proper evidence of the Ceding Insurer's having settled with the claimant. Payment of net reinsurance liability on account of death or dismemberment shall be made in one lump sum. In settlement of reinsurance liability for Waiver of Premium benefits, the Reinsurer shall pay to the Ceding Insurer its proportionate share of the gross premium waived.

12.3 If the Ceding Insurer should contest or comprise any claim or proceeding, and the amount of net liability thereby be reduced, the Reinsurer's reinsurance liability shall be reduced in the proportion that the net liability of the Reinsurer bore to the sum of the retained net liability of the Ceding Insurer.

12.4 Reinsurer shall share in the claim expense of any contest or compromise of a claim in the same proportion that the net amount at risk reinsured hereunder bears to the total net risk retained by the company and the Reinsurer shall share in the total amount of any reduction in liability in the same proportion. Claim expense shall include, but not be limited to the following:

(a) Routine investigative and administrative expenses;

(b) Expenses incurred in conjunction with a dispute or contest arising out of conflicting claims of entitlement to policy proceeds or benefits which the Ceding Insurer admits are payable;

(c) Expenses, fees, settlements or judgements arising out of, or in conjunction with claims against the Ceding Insurer for punitive or exemplary damages;

(d) Expenses, fees, settlements, or judgements arising out of, or in conjunction with, claims made against the Ceding Insurer and based on alleged or actual bad faith, failure to exercise good faith or tortious conduct; and

(e) Penalties, legal fees and interest including those items imposed automatically by statute against the Ceding Insurer and arising out of judgement(s) being rendered against the Ceding Insurer in a suit for policy benefits reinsured hereunder.

12.5 The Reinsurer shall refund to the Ceding Insurer any reinsurance premiums, without interest, unearned as of the date of death of the life reinsured hereunder.

12.6 If the Ceding Insurer pays interest from a specific date, such as the date of death of the insured, on the contractual benefit of a policy

reinsured under this agreement, the Reinsurer shall indemnify the Ceding Insurer for the Reinsurer's share of such interest. Interest paid by the Reinsurer under this paragraph shall be computed at the same rate and commencing as of the same date as that paid by the Ceding Insurer. The computation of interest paid by the Reinsurer under this paragraph shall cease as of the earlier of (a) the date of payment of the Reinsurer's share of reinsurance liability or (b) the date of termination of the period for which the Ceding Insurer has paid such interest.

13. Inspection of Records. Each party shall have the right at any reasonable time during normal business hours to inspect, at the office of the other party, all books and documents relating to reinsurance under this Coinsurance Agreement.

14. Insolvency. In the event of the insolvency of the Ceding Insurer, all reinsurance shall be payable directly to the liquidator, receiver, or statutory successor of said Ceding Insurer, without diminution because of the insolvency of the Ceding Insurer; provided, however, that any obligations of the Cedings Insurer to Reinsurer shall be offset against the obligations of Reinsurer to Ceding Insurer.

14.1 In the event of the insolvency of the Ceding Insurer, the liquidator, receiver, or statutory successor of the Ceding Insurer shall give the Reinsurer written notice of the pendency of any claim on a Policy reinsured within a reasonable time, to be not less than thirty days, after such claim is filed in the insolvency proceeding. During the pendency of any such claim, Reinsurer may investigate such claim and in the name of the Ceding Insurer (or its liquidator, receiver, or statutory successor), but at the Reinsurer's own expense, enter an appearance, in the proceeding where such claim is to be adjudicated and enter any defense or defenses which it may deem

available to the Ceding Insurer or its liquidator, receiver, or statutory successor.

14.2 Any expense incurred under this Paragraph 14 by Reinsurer shall be

chargeable, subject to court approval, against the Ceding Insurer as part of the expense of liquidation to the extent of the proportionate share of the benefit which may accrue to the Ceding Insurer solely as a result of the defense undertaken by Reinsurer. Where two or more Reinsurers are participating in the same claim and majority in interest elect to interpose a defense or defenses to any such claim, the resulting expense to Reinsurer shall be apportioned in accordance with the terms of the reinsurance agreement as though such expense had been incurred by the Ceding Insurer.

15. Abatement. This Coinsurance Agreement may not be Abated until such time as the Marketing Agreement has been terminated, after which time this Coinsurance Agreement may be Abated:

(a) By the mutual consent of the Ceding Insurer and the Reinsurer; or

(a) By Ceding Insurer upon thirty (30) days' written notice to Reinsurer; or

(c) By Reinsurer upon thirty (30) days' written notice to Ceding Insurer.

16. Termination. This Coinsurance Agreement may not be terminated until such time as the Marketing Agreement has been terminated, after which time this Coinsurance Agreement may only be terminated:

(a) By the mutual consent of the Ceding Insurer and the Reinsurer; or

(b) By Ceding Insurer in the event of a material breach hereof by Reinsurer and such breach is not cured or eliminated within thirty (30) days after receipt of written notice thereof to Reinsurer from Ceding Insurer; or

(c) By Reinsurer in the event of material breach hereof by Ceding Insurer and such breach is not cured or eliminated within thirty (30) days after receipt of written notice thereof to Ceding Insurer from Reinsurer.

17. Waiver. No delay or omission by either party hereto to exercise any right or power arising upon any noncompliance or default by the other party with respect to any of the terms of this Coinsurance Agreement shall be construed as a waiver of the right to exercise any such right or power. A waiver by any of the parties hereto of the fulfillment of any of the covenants, conditions, or agreement to be performed by any other shall not be construed to be a waiver of any succeeding breach hereof or of any other covenant, condition or agreement herein contained. All remedies provided for in this Coinsurance Agreement shall be cumulative in addition to and not in lieu of any other remedies available to any party at law, in equity or otherwise.

18. Amendments. This Coinsurance Agreement may not be amended, nor shall any waiver, change, modification, consent or discharge be effected, except by an instrument in writing duly executed by the parties hereto or their respective successors or permitted assigns.

19. Approvals, Consents, etc. In any instance where agreement, approval, acceptance or consent of any party is required to any provision of this Coinsurance Agreement, such action shall not be unreasonably delayed or withheld.

20. Force Majeure. Ceding Insurer or Reinsurer shall be excused from performance hereunder for any period when either is prevented from performing any services to be provided hereunder, in whole or in part, as a result of an Act of God, fire, war, civil disturbance, court order, insurance department regulatory order, labor dispute, or other cause beyond its reasonable control, and such nonperformance shall not be a ground for Termination hereof or

assertion of default hereunder. In the event either party hereto shall be excused from performance under this provision, said party shall use its best efforts to provide, directly or indirectly, alternative and, to the extent practicable, equivalent fulfilment of its obligations hereunder.

21. Severability. If any provision of this Coinsurance Agreement is declared or found to be illegal, unenforceable or void by any administrative agency, regulatory body, or court of competent jurisdiction, such finding shall not effect the remaining provisions of this Coinsurance Agreement, and all other provisions hereof shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Coinsurance Agreement to be signed and delivered by their respective officers thereunto duly authorized as of the date first hereinabove written.

Attest: MASSACHUSETTS GENERAL LIFE INSURANCE COMPANY

[SIGNATURE ILLEGIBLE] By: [SIGNATURE ILLEGIBLE]

Secretary President

Attest: FIRST FINANCIAL LIFE INSURANCE COMPANY

[SIGNATURE ILLEGIBLE] By: [SIGNATURE ILLEGIBLE]

Secretary President

APPENDIX 1

<TABLE>
<CAPTION>

POLICY NO.	ISSUE DATE	PLAN	ANNUAL PREMIUM	FACE AMOUNT	09/30/90 RESERVES
<S>	<C>	<C>	<C>	<C>	<C>
10UL064793	Aug-90	19007	240	50,000	0
10Ul064530	Aug-90	19008	300	71,200	4
10UL023683	Sep-87	19R0A	438	50,000	1,253
10UL052043	Sep-89	19R0A	2,400	75,000	6,107
10UL040302	Sep-88	19R02	1,839	60,000	2,652
10UL020277	Sep-87	19R05	1,200	70,000	2,398
10UL046073	Mar-89	19R0A	4,347	100,000	20,236
10UL022071	Sep-87	19R0A	900	50,000	3,645
	TOTAL		11,664	526,200	36,295
	QUOTA SHARES		5,832	263,100	18,148

</TABLE>

EXHIBIT 10.2.5

SCHEDULE A

Expense Allowances

<TABLE>
<CAPTION>

		Policy Issue Expenses		Policy Maintenance Expenses		
Product	Form No.	Per Policy	Percent of Annualized or Control Premium	Annual Per Policy *	Per Lapse	Per Death
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Lifetime II	UNF-86	27.50 + .35/unit	8%	32.50 + 2% of	12.50	25.00 + 2

				premium in force		per unit
Lifetime III	BRUNF-86	27.50 + .35/unit	8%	32.50 + 2% of premium in force	12.50	25.00 + 2 per unit

</TABLE>

* Note: For flexible premium policies, the premium in force is defined as current units in force multplied by the control premium per unit at date of issue. The 2% charge is payable to Wabash Life Insurance Company as dictated in Exhibit C -- Administration Services Agreement.

EXHIBIT 10.3.2

EXHIBIT C

REINSURANCE AGREEMENT

This REINSURANCE AGREEMENT, made and entered into by and between FIRST FINANCIAL LIFE INSURANCE COMPANY ("Life Company"), an Arizona stock life insurance corporation with principal offices at 4830 West Kennedy Boulevard, One Urban Center, suite 595, Tampa, Florida 33609 and SOUTHWESTERN LIFE INSURANCE COMPANY ("SWLIC"), a Texas corporation, with principal offices located at 500 North Akard, Dallas, Texas 75221.

WITNESSETH:

The Life Company and SWLIC mutually agree to reinsure on the terms and conditions set out below. This agreement is solely between the Life Company and SWLIC, and performance of the obligations of each party under this agreement shall be rendered solely to the other party. In no instance shall anyone other than the Life Company or SWLIC have any rights under this agreement.

ARTICLE I. AUTOMATIC REINSURANCE

1. Insurance. The Life Company will cede (retrocede) and SWLIC will accept reinsurance under policies which are written by SWLIC and quota share reinsured to the Life Company under a Modified Coinsurance Agreement whose effective date is January 1, 1987. When the Life Company retains its maximum limit of retention, as shown in Schedule A, attached, the Life Company will retrocede (cede) and SWLIC will accept, automatically, amounts in excess of the Life Company's retention.

   If SWLIC reinsures a portion of the mortality risk on any given individual such that its total retained risk on that individual is less than its maximum retention limit, then the remaining risk will be shared with the Life Company in proportion to SWLIC respective maximum retention limits. For example, if SWLIC has a maximum retention of $500,000 on any given life and it issues a $521,000 policy, of which $500,000 is reinsured with a third party reinsurer, the remaining mortality risk will be shared with the Life Company in direct proportion to the companies' maximum retention limits. The Life Company will keep 50,000/500,000 of the $21,000 retained risk, or $2,100 and SWLIC will keep 450,000/500,000 of the $21,000 retained risk, or $18,900.

2. Coverages. Life insurance, waiver of premium disability benefit for an amount not greater than the corresponding life insurance, and benefits under associated riders are exclusively the coverages or risks reinsured automatically under Paragraph 1 (to the extent that limits are specified in Schedule A, attached). The life insurance includes both basic policies and term riders providing life insurance protection.

3. Regular Limits of Retention. The regular limits of retention detailed in Schedule A and referred to in this agreement may be modified by the Life Company by thirty (30) days' written notice to SWLIC. The amount of reinsurance to be ceded and accepted automatically after the new limits take effect will be determined by mutual agreement.

4. Procedures to Effect Reinsurance. SWLIC will notify the Life Company

quarterly of all new policies assumed by the Life Company where the Life Company's quota share of the face amount exceeds the Life Company's retention

limit as detailed in Schedule A. These policies will be automatically ceded (retroceded) to SWLIC.

ARTICLE II. LIABILITY

1. Automatic Reinsurance Liability. The liability of SWLIC on any automatic reinsurance under this agreement begins and ends at the same time as that of the Life Company.

ARTICLE III. AMOUNT OF INSURANCE

1. Amounts. Life insurance under this agreement shall be on a Yearly Renewable Term plan for the amount at risk under the policy reinsured. For the purpose of this agreement, the amount at risk shall be defined at the difference between the face amount of reinsurance and the corresponding cash value (taken to the nearest dollar) as of the end of such policy year.

When the original policy is issued on a level term plan for twenty years or less or on a reducing term plan for any period of years, the reinsurance shall be for the face amount, and cash values, if any, shall be disregarded. If desired, amount at risk may be determined by other methods agreeable to the Life Company and SWLIC. Reinsurance amounts for waiver of premium disability benefit, for additional indemnity for accidental death or death by accidental means, and for benefits under associated riders are on the same basis as the coverages assumed by the Life Company.

2. Reductions and Terminations. Reinsurance amounts are calculated in terms of coverages on the life of a person. If any of the Life Company's policies or riders on the person are reduced or terminated, the reinsurance will be reduced or terminated by the corresponding amount. The reduction will not be applied, however, to force the Life Company to reassume more than its regular retention limit at the time of the reduction for age at issue, mortality rating and form of the policy or policies for which reinsurance is being terminated.

3. Reinstatements. A policy which has been ceded to SWLIC on an automatic basis, that was reduced, terminated or lapsed, if reinstated will be reinstated automatically to the amount that would be in force had the policy not been reduced, terminated or lapsed.

In connection with all such reinstatements, the Life Company shall pay SWLIC all reinsurance premiums in arrears with interest at the same rate and in like manner as the Life Company has been credited under its Modified Coinsurance Agreement with SWLIC.

4. Nonforfeiture Benefits. Reduced paid-up will be treated as a reduction in

accordance with Paragraph 2 above. Extended term will be continued on a basis proportionate to the reinsurance risk before the extended term option was effected. Approximations and methods to simplify handling may be agreed upon by the Life Company and SWLIC.

ARTICLE IV. PREMIUMS

1. Life Insurance. Premiums per $1,000 for life insurance rated standard by age and duration are given in Schedule B. The premiums per $1,000 are applied to the amount of life reinsurance as outlined in Article III.1. When a flat extra premium is charged on a policy, whether alone or in addition to a premium based on a multiple table, the Life Company will pay this premium on the reinsurance amount in addition to the standard or multiple table premium for the rating and plan of reinsurance.

2. Disability and Payor Benefits. Premiums for waiver of premium disability benefit and for payor benefit will be paid at the same rate as the Life Company has been credited for the benefit on which reinsurance in SWLIC is based.

3. Preliminary Term Insurance. If the Life Company issues a policy with preliminary term insurance, the reinsurance premium for the preliminary term period will be paid to SWLIC at the same rate the Life Company has been credited for the policies on which reinsurance in SWLIC is based. This rule applies to all benefits under the preliminary term insurance. For the first policy year after the preliminary term period, the premiums for all benefits will be computed at first year rates.

4. Payments. Premiums are payable quarterly in advance The Policy fee will be payable prorata each quarter. If reinsurance is reduced, terminated or increased by reinstatement during the quarter, prorata adjustment will be made by SWLIC and the Life Company on all premium items except policy fees.

5. Procedure. Each calendar quarter SWLIC will send to the Life Company two copies of a statement of reinsurance due. The statement will show the premium due on new reinsurance effected in the preceding quarter and on existing reinsurance, the prorata adjustments for changes in reinsurance and death claim benefits payable to the Life Company. The Life Company will examine the statement and will return one copy with a check for the balance indicated to SWLIC within a reasonable time. If a balance is due the Life Company, it will be remitted promptly by SWLIC. The Life Company will note to SWLIC any discrepancies and proper adjustment will be made. Except as provided in Article V.3., the payment of reinsurance premiums shall be a condition precedent to the liability of SWLIC under reinsurance covered by this agreement. In the event of nonpayment of reinsurance premiums as provided in this paragraph, SWLIC shall have the right to terminate the reinsurance under all policies having reinsurance premiums in arrears.

6. Age or Sex Adjustment. If the insured's age or sex was misstated and the amount of insurance on the reinsured's policy is adjusted after his death, the Life company and SWLIC will share the adjustment in proportion to the amount of liability of each at the time of issue of the policies. Premiums

will be recalculated for the correct ages and amounts but according to the proportion as above and adjusted without interest. If the insured is still alive, the method above will be used for past years and the amount of reinsurance and premium adjusted for the future to the amount that would have been correct at issue.

ARTICLE V. GENERAL PROVISIONS

1. Reinsurance Conditions. The reinsurance is subject to the same limitations and conditions as the insurance under the policy or policies reinsured is based.

2. Errors and Omissions. It is expressly understood and agreed that if nonpayment of premiums within the time specified or failure to comply with any terms of this contract is shown to be unintentional and the result of misunderstanding or oversight on the part of either the Life Company or SWLIC, both the Life Company and SWLIC shall be restored to the positions they would have occupied had no such error or oversight occurred.

3. Insolvency. All reinsurance under this agreement will be paid by SWLIC directly to the Life Company, its liquidator, receiver, or statutory successor, on the basis of the liability of the Life Company under the policy or policies reinsured without diminution because of the insolvency of the Life Company. In the event of the insolvency of the Life Company, the liquidator, receiver, or statutory successor of the Life Company will give written notice of pending claim against the Life Company on any policy reinsured within a reasonable time after the claim is filed in the insolvency proceedings. While the claim is pending, SWLIC may investigate and interpose, at its own expense, in the proceedings where the claim is to be adjudicated, any defenses which it may deem available to the Life Company or its liquidation, receiver, or statutory successor. The expense incurred by SWLIC will be charged subject to court approval, against the Life Company as an expense of liquidation to the extent of a proportionate share of the

benefit that accrues to the Life Company as a result of the defenses by SWLIC. Where two or more reinsurers are involved and a majority in interest elect to defend a claim, the expenses will be apportioned in accordance with the terms of the reinsurance agreement as if the expense had been incurred by the Life Company.

ARTICLE VI. RECAPTURE

1. Recapture. If the Life Company increases its limits of retention, it may make a corresponding reduction in the reinsurance in force under this agreement on all persons where the Life Company has maintained its in limit of retention as detailed in Schedule A. If the direct face amount of a policy being reinsured is greater than $500,000, then no reinsurance shall be reduced under this provision before the end of the tenth policy year of the reinsured's policy, and no reinsurance may be recaptured where the Life Company retained less than its maximum retention in effect at the time the policy was issued.

2. Method of Recapture. If the Life Company elects to recapture, it will notify SWLIC in writing within 90 days from the effective date of its increase in retention. At the next anniversary (or the tenth anniversary, if later) of the reinsured's policy, the reinsurance will be reduced to increase the total retained by the Life Company to its new maximum. Recapture is allowed on only one retention during any twelve month period and the amount of retention detailed in Schedule A. If reinsurance on any policy for any person is reduced under this provision, all must be reduced.

ARTICLE VII. ARBITRATION

1. Agreement. All differences between the Life Company and SWLIC on which an agreement cannot be reached will be decided by arbitration. The arbitrators will determine the interpretation of the Agreement in accordance with the usual business and reinsurance practices rather than strict technicalities.

2. Method. Three arbitrators will decide the differences. They must be officers of life insurance companies other than the two parties to this agreement. One of the arbitrators is to be appointed by the Life Company and one by SWLIC, and these who will select a third. If the two are unable to agree on a third, the choice will be left to the President of the American Council of Life Insurance, or its successor.

3. Effect. The arbitrators are not bound by rules of law. Their decision will be by majority vote and no appeal will be taken from it. The costs of the arbitration will be borne by the losing party unless the arbitrators decide otherwise.

ARTICLE VIII. DURATION OF AGREEMENT

1. Duration of Agreement. This agreement will be effective on and after the effective date stated in Article IX. It is unlimited induration but may be amended by mutual consent of the Life Company and SWLIC. It may be terminated as to new reinsurance by either party giving 90 days' written notice to the

other. Termination as to new reinsurance does not affect existing reinsurance. That reinsurance will remain in force until termination of the Life Company's policy or policies on which the reinsurance is based in accordance with the terms of this agreement.

ARTICLE IX. EXECUTION

In witness of the above, this agreement is signed in duplicate at the dates and places indicated with an effective date of January 1, 1987.

Date: 27 September, 1991 FIRST FINANCIAL LIFE INSURANCE COMPANIES. INC.

Places: Tampa, Florida By: [SIGNATURE ILLEGIBLE]

Title

Witness: [SIGNATURE ILLEGIBLE]

Date: 6/1991 SOUTHWESTERN LIFE INSURANCE

COMPANY

Place: Dallas, Texas By: [SIGNATURE ILLEGIBLE]

Title PRESIDENT

Witness: /s/ C. DOUGLAS WARD

SR. VICE PRESIDENT--FINANCE

SCHEDULE A

The maximum retention on any one life for FIRST FINANCIAL LIFE INSURANCE COMPANY is $25,000.

SOUTHWESTERN-TEXAS UNIVERSAL LIFE MALE--ALB

SELECT (NONSMOKER)

ZERO FIRST YEAR PREMIUM

NO POLICY FEE

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3	0.04417	28	0.05477	53	0.28856	78	2.95836
4	0.04417	29	0.05654	54	0.32085	79	3.21573
5	0.04417	30	0.06008	55	0.35489	80	3.52393
6	0.04417	31	0.06273	56	0.39028	81	3.89835
7	0.04417	32	0.06405	57	0.42699	82	4.35499
8	0.04417	33	0.06361	58	0.46681	83	4.91318
9	0.04417	34	0.06273	59	0.51106	84	5.58887
10	0.04417	35	0.06228	60	0.56107	85	6.33727
11	0.04417	36	0.06449	61	0.61507	86	6.99163
12	0.04417	37	0.06847	62	0.67528	87	7.48220
13	0.04815	38	0.07377	63	0.74171	88	7.70714
14	0.05433	39	0.07951	64	0.81347	89	8.06424
15	0.06140	40	0.08526	65	0.89278	90	8.47150
16	0.06140	41	0.09277	66	0.98586	91	9.11418

17	0.06140	42	0.09984	67	1.09760	92	10.14069
18	0.06140	43	0.10867	68	1.23335	93	11.67121
19	0.06140	44	0.11839	69	1.39092	94	13.65805
20	0.06140	45	0.12988	70	1.56146	95	15.91431
21	0.06140	46	0.14402	71	1.73568	96	19.86317
22	0.06140	47	0.15905	72	1.90377	97	25.42208
23	0.06140	48	0.17496	73	2.06396	98	35.37334
24	0.06140	49	0.19219	74	2.22069	99	44.16666

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SOUTHWESTERN-TEXAS UNIVERSAL LIFE MALE-ALB
STANDARD

ZERO FIRST YEAR PREMIUM

NO POLICY FEE

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2	0.05000	27	0.07551	52	0.51895	77	3.63489
3	0.05000	28	0.07801	53	0.56854	78	3.85258
4	0.05000	29	0.08401	54	0.62114	79	4.10945
5	0.05000	30	0.09202	55	0.67526	80	4.41779
6	0.05000	31	0.09902	56	0.72938	81	4.79248
7	0.05000	32	0.10452	57	0.78352	82	5.24851
8	0.05000	33	0.10702	58	0.84118	83	5.80156
9	0.05000	34	0.10852	59	0.90336	84	6.46339
10	0.05000	35	0.11152	60	0.97207	85	7.17427
11	0.05000	36	0.11953	61	0.05184	86	7.91506
12	0.05000	37	0.13103	62	1.13866	87	8.47042
13	0.05450	38	0.14654	63	1.23303	88	8.72506
14	0.06151	39	0.16354	64	1.33195	89	9.12932
15	0.06951	40	0.18155	65	1.44145	90	9.59038
16	0.06951	41	0.19757	66	1.56859	91	10.31794
17	0.06951	42	0.21407	67	1.71992	92	11.48003
18	0.06951	43	0.23259	68	1.90301	93	13.21269
19	0.06951	44	0.25411	69	2.11342	94	15.46194
20	0.07151	45	0.27763	70	2.33555	95	18.01620
21	0.07351	46	0.30466	71	2.55433	96	22.48661
22	0.07551	47	0.33268	72	2.75610	97	28.77971
23	0.07751	48	0.36372	73	2.93782	98	40.04530
24	0.07951	49	0.39776	74	3.10700	99	50.00000

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SOUTHWESTERN-TEXAS UNIVERSAL LIFE FEMALE-ALB
SELECT (NONSMOKER)

ZERO FIRST YEAR PREMIUM

NO POLICY FEE

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2	0.03534	27	0.03534	52	0.16744	77	1.60589
3	0.03534	28	0.03534	53	0.18070	78	1.77480
4	0.03534	29	0.03534	54	0.19529	79	1.97229
5	0.03534	30	0.03799	55	0.20899	80	2.20510
6	0.03534	31	0.04108	56	0.22358	81	2.48805
7	0.03534	32	0.04241	57	0.23949	82	2.82933
8	0.03534	33	0.04373	58	0.25585	83	3.23719
9	0.03534	34	0.04461	59	0.27486	84	3.74690
10	0.03534	35	0.04506	60	0.29652	85	4.32492
11	0.03534	36	0.04859	61	0.31996	86	4.85200
12	0.03534	37	0.05257	62	0.34738	87	5.28325
13	0.03534	38	0.05787	63	0.37656	88	5.54512
14	0.03534	39	0.06361	64	0.40930	89	5.92736
15	0.03534	40	0.06979	65	0.44425	90	6.37165
16	0.03534	41	0.07554	66	0.48628	91	7.00614
17	0.03534	42	0.08084	67	0.53894	92	7.93772
18	0.03534	43	0.08747	68	0.60445	93	9.27645
19	0.03534	44	0.09409	69	0.68591	94	11.00356
20	0.03534	45	0.10160	70	0.77582	95	12.94239
21	0.03534	46	0.11044	71	0.87683	96	16.19092
22	0.03534	47	0.11972	72	0.98054	97	22.24345
23	0.03534	48	0.12767	73	1.08785	98	33.11840
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SOUTHWESTERN--TEXAS

UNIVERSAL LIFE
STANDARD

FEMALE--ALB

ZERO FIRST YEAR PREMIUM

NO POLICY FEE

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2	0.04000	27	0.04050	52	0.26161	77	2.18241
3	0.04000	28	0.04050	53	0.28264	78	2.37235
4	0.04000	29	0.04100	54	0.30466	79	2.59165
5	0.04000	30	0.04450	55	0.32868	80	2.84745
6	0.04000	31	0.04850	56	0.35171	81	3.12823
7	0.04000	32	0.05101	57	0.37673	82	3.46085
8	0.04000	33	0.05300	58	0.40277	83	3.88601
9	0.04000	34	0.05401	59	0.43281	84	4.37010
10	0.04000	35	0.05551	60	0.46636	85	4.89613
11	0.04000	36	0.06050	61	0.50392	86	5.49283
12	0.04000	37	0.06601	62	0.54299	87	5.98103
13	0.04000	38	0.07351	63	0.58858	88	6.27750

14	0.04000	39	0.08201	64	0.63517	89	6.71021
15	0.04000	40	0.09052	65	0.68929	90	7.21319
16	0.04000	41	0.10001	66	0.75445	91	7.93148
17	0.04000	42	0.10952	67	0.83015	92	8.98610
18	0.04000	43	0.12103	68	0.93145	93	10.50164
19	0.04000	44	0.13303	69	1.04?83	94	12.45686
20	0.04000	45	0.14654	70	1.18634	95	14.65176
21	0.04000	46	0.16154	71	1.32090	96	18.32934
22	0.04000	47	0.17755	72	1.45502	97	25.18126
23	0.04000	48	0.19406	73	1.58970	98	37.49253
24	0.04000	49	0.21058	74	1.72897	99	50.00000

</TABLE>

Exhibit 10.4.1

NATIONAL MARKETING AGREEMENT

This Agreement entered into this 1st day of December, 1997, is made between Innovative Producers, Inc.("Master General Agent"), a Master General Agent for Legion Insurance Company ("Company") and Rushmore Insurance Services, Inc. ("National Marketer").

A. DESIGNATION & APPOINTMENT

1. Designation

Innovative Producers, Inc. named above is herein referred to as Master General Agent, We, Our, or Us. Legion Insurance Company named above is herein referred to as Company or It. Pat Haney & Son Administrators, Inc., dba Haney Group Services designated administrator for the Company is herein referred to as Administrator. The National Marketer named above is herein referred to as National Marketer, You, Your or Yourself. Sub-agents are agents, brokers, writing agents, or soliciting brokers under Contract with You and approved by the Company and are herein referred to as Sub-agents. This National Marketer's Contract and all supplements, amendments, and schedules attached are referred to as the or this Contract and is entered into between You and the Master General Agent in consideration for the mutual agreement set forth herein.

2. Appointment

You are hereby appointed a National Marketer of the Company for the purpose of soliciting personally or through Sub-agents, applications for insurance for the Company. This Contract does not grant exclusive rights in any territory or for any products.

B. RESPONSIBILITIES & LIMITATIONS

1. General

During the continuation of this agreement You agree to:

a. Be responsible for the prompt delivery of Certificates of Insurance sent to You or Your Sub-agents, in accordance with the Company's rules and instructions.

b. Follow and cause Your Sub-agents to follow all Company rules and instructions.

c. Solicit only in the state(s) in which You and Your Sub-agents are licensed and appointed with the Company and where the Company is

authorized to do business.

d. Comply with all State and Federal laws, orders, rules and regulations.

e. Be responsible for obtaining and maintaining the necessary licenses and appointments to solicit the Company's products in the states in which You operate, whether resident or non-resident, including the payment of all fees or taxes required by any state or municipal laws and the renewal thereof.

2. Relationship

Nothing contained herein is intended to create the relationship of employer and employee between You and the Master General Agent or the Company, and You shall at all times be an Independent Contractor. You shall be free to exercise Your own judgement as to the time, place and means of performing all acts hereunder, but You shall conform to the Company's rules, regulations and instructions concerning the solicitation and delivery of insurance polices or certificates.

3. Monies Held in Trust - Bond

All monies You or Your Sub-agents receive or collect for or on behalf of the Company shall be held in a fiduciary capacity for Its benefit, and shall be immediately forwarded to the Company. You are not authorized to endorse or cash checks, drafts or money orders payable to the Company. The Company reserves the right to require a surety bond or errors and omissions coverage of an amount satisfactory to the Company.

4. Limits of Authority - Advertising

You are not authorized to waive, alter or change any provision or condition of the Company's insurance policies or certificates, Sub-agent's Contracts, literature or receipts; modify or extend the amount of time of any premium payment due to the Company; or receive any money due or to become due the Company except initial premiums and/or additional first year premium collected when a policy or certificate is delivered. You shall not enter into any Contract, incur any expense or obligation of any character whatsoever, or cause or permit the insertion or distribution in any publication or otherwise, any advertising or publicity matter which in any way involves the Company without the prior written authority of the Company. You are not to publish, or cause to be published or printed, anything concerning Its business, nor advertise Its policies or certificates or services without the Company's prior written approval which will not he withheld unreasonably. All accounting records maintained by You relating to Our business are subject to inspection at any reasonable time during business hours by Our authorized representatives.

5. Applications & Policies

The Company may at Its discretion without liability to You reject applications or refund premiums for insurance submitted by You or Your Sub-agents without specifying the cause, and may withdraw, substitute, or change any insurance policy, certificate, or premium rate used by the Company; provided, however, that Master General Agent will give National Marketer notice of any such rejections, withdrawals, substitutions or changes within 5 business days of any such action taken of which Master General Agent has knowledge. All certificates issued by the Company must be delivered by You to the certificate holder within ten (10) days of Your receipt and while the applicant is in good health and premiums have been paid in full.

6. Sub-agent's Contracts

You shall use without alteration Our printed Contracts when Contracting a Sub-agent. No such Sub-agent Contract shall be in force until: (1.) the Contract is properly executed by the Sub-agent, (2.) the Sub-agent is properly licensed to solicit for the Company, and (3.) the Sub-agent is notified in writing that he/she is authorized to solicit for the Company. Any Sub-agent appointed by You, and subsequently approved by the Company, will remain exclusively Your Sub-agent unless You provide the Master General Agent in writing an authorization for release.

7. Indebtedness

You shall be responsible for the payment to the Company of all monies which: (1.) You or Your Sub-agents collect on the Company's behalf; (2.) are due to the Company because of compensation paid to You or Your Sub-agents upon premiums which the Company thereafter returned; (3.) are paid directly or on behalf of You or Your Sub-agents which are not due You or Your Sub-agents under this Contract. Until the Company receives all such monies from You, the same shall be a debt payable on demand and for which You are liable and at the Company's option, no commissions are payable to You or Your Sub-agents until such indebtedness is satisfied.

8. Lien

As additional security for the payment of any indebtedness under this Contract or any other Contract with the Company, the Company shall have a first and prior lien against the compensation due You under this Contract. The Company's lien is superior to all other liens under this contract. The Company may, at any time, offset any such indebtedness against compensation due You under the Contract or any Contract You have with the Company. If the Company does elect to offset, the offset shall not constitute a waiver or an election by the Company to forego any legal remedies to collect the indebtedness.

9. Indemnification

Each party hereto shall indemnify, defend, and hold harmless the other party

against claims, actions or liabilities, including judgments, penalties, and fines, which either party may become obligated to pay as a result of-

(i) the failure of the other party to comply with any law, regulation or rule of any governmental jurisdiction;

(ii) any grossly negligent or fraudulent act committed by the other party or its employees causing loss to the third party;

(iii) any breach of this Agreement by the other party but only to the extent the party seeking indemnification has not by its own actions, independent of the directives of the other party, caused, contributed to, or compounded the loss, damage, or liability for which indemnification is sought.

10. Company Property

Sales brochures, applications, rate cards and booklets, and any other supplies furnished by the Company, along with any copies thereof, will remain Company property. They are to be accounted for and returned by You on demand or termination of this contract. You are to be responsible for any misuse or i-misrepresentation thereof.

C. COMPENSATION ACCOUNTING

1. Compensation

a. You shall be paid compensation according to the terms of this Contract as set forth in the attached Exhibit A (which is incorporated by reference into this Contract) and herein referred to as Commission Schedule. The Commission Schedule is subject to change by the Company upon notice in writing to You, but the change shall not affect any policies, certificates or contracts issued upon applications You or Your Sub-agents solicited prior to the effective date of the change. All commissions or other remuneration earned by Your Sub-agents who are under direct Contract to You, shall be paid directly by the Administrator to You. The Administrator shall have no obligation to Your Sub-agent for payment of commissions. National Marketer agrees to hold the Master General Agent harmless for all commissions that are earned by Your Sub-agents and paid directly to you. Comniissions shall accrue and be paid monthly to You as premiums are received and earned by the Company.

b. Commissions shall not be owed or paid:

1. On policies or certificates continued in force under any waiver of premium provision of any policy or certificate; or

2. On collected premiums that are subsequently refunded by the Company or

3. On policies or certificates issued under a group policy conversion privilege; or

4. On policies or certificates that are reinstated after forty-five (45) days from their lapse date.

5. On unearned or unpaid premiums or on extra premiums, premiums waived, or premium increases.

2. Vested Commissions

a. Subject to the provisions of the Contract, all earned commissions are immediately and truly vested for life and thereafter to Your successors and assigns.

b. Any vested commissions forfeited by Your Sub-agents under Termination For Cause as described in paragraph D.2. shall be transferred to and payable to You, after the Company has recovered any indebtedness incurred by said Sub-agent including any License termination fee imposed by any state or municipal law.

3. Accounting

The Company shall mail to Your last known address as reflected on records or deliver to You a monthly statement showing compensation and deductions made within the accounting period. Each statement is deemed to be correct and accurate unless You object in writing thereto within thirty (30) days after it has been mailed or delivered. If commissions due You total less than $50.00 in A calendar month, then commissions payable will be deferred until accrued commissions exceed $50.00. If the total amount of earned compensation payable to You during any six (6) consecutive months, in aggregate, is not at least $200.00, no further compensation shall be payable to You under this contract. Further, in the event You breach any provision of this Contract or You are Terminated For Cause under Paragraph D.2. of this Contract, no further compensation shall be payable to You under this Contract.

D. TERMINATION

1. Termination Without Cause

a. At any time either You or the Master General Agent may terminate this Contract without Cause by giving one hundred twenty (120) days notice in writing sent to the last known address of the other. If You are an individual, this Contract shall immediately terminate without Cause upon Your death. If You are a partnership, the death of either partner shall not terminate this Contract but it shall continue in force and effect in favor of the surviving partner. If You are a corporation, this Contract shall immediately terminate

upon Your dissolution, sale, bankruptcy or insolvency, or sale, to the extent such sale was not approved in writing in advance by Master General Agent (which approval shall not be unreasonably withheld); provided, however, that any such termination shall not serve to terminate any vested commissions at the time of such termination.

b. This Agreement shall terminate in the event of the notification to the Master General Agent from the Company of the termination of reinsurance of the Company on business covered by this Agreement and the failure to replace such reinsurance on terms and conditions substantially similar to the terms and conditions in the reinsurance Agreement. The Master General Agent shall give National Marketer prompt notice of termination of reinsurance, and shall attempt to give such notice at least 30 days prior to such termination.

c. Without notice this Contract may be immediately terminated and all commissions and claims whatsoever accruing hereunder shall be forfeited and void if You earn less than the required amount of compensation as stated in Paragraph C.3. of this Contract for any six (6) consecutive months.

2. Termination For Cause

Without notice this Contract shall immediately terminate for cause and all commissions and claims whatsoever accruing hereunder shall be forfeited and void if You:

a. Fail to comply with any provision of this Contract, which failure is not cured by You within 30 days of notice to You of such failure.

b. Violate any material law or regulation regarding the sale of insurance or fail to comply with any court order.

c. Knowingly or intentionally induce or attempt to induce policyholders or certificateholders of the Company to reduce or discontinue any premium payment to It.

d. Withhold or convert Company property.

e. Commit any other willful or dishonest act with the intent to injure the Company.

f. Fail to maintain the necessary licenses and appointments to solicit the Company's products in the states in which you operate, whether resident or non-resident, not including any immaterial defect capable of cure within 30 days.

3. Forfeiture

If this Contract is terminated without cause but the Company discovers that during Your association with the Company or afterwards that You have committed any of the acts described in paragraph D. 2., then You shall forfeit to the Company all right, title and interest in any compensation under this Contract. A forfeiture under this paragraph shall not constitute a waiver or an election by the Company to forego any claim It may have against You.

E. MISCELLANEOUS PROVISIONS

1. Injunction

You agree that if during this Contract or within two years after termination, You do any of the acts described in paragraph D.2. sub-paragraphs (c), (d), or (e) of this Contract, that damages, if any, and remedies at Law for doing such acts would be inadequate. Therefore, in the event You do any such acts the Company shall be entitled to an injunction, without the necessity of finishing bond, restraining You from any such act. You agree that any such act would result in continuing irreparable harm and damage to the Company, but nothing contained herein shall be construed as prohibiting the Company from pursuing any other remedies available to It, including the recovery of damages from You.

2. Assignment & Modification

No assignment of this Contract or any compensation due hereunder shall be valid unless in writing and approved, in advance, by the Master General Agent and the Company. No modification of this Contract shall be binding on the Master General Agent and the Company unless in writing and signed and approved by the Master General Agent and an authorized Officer of the Company.

3. Bankruptcy

If You should take or be placed in bankruptcy to the extent of any amount due the Company under this or any other Contract with the Company, no compensation shall be payable under this Contract, and such compensation shall immediately become the Company's property, until and unless all such amount due the Company shall be recouped by or repaid to the Company in full.

4. Arbitration; Enforceability; Place of Payment

In consideration of the execution of this Contract and other valuable considerations, You agree that any controversy or claim arising out of, or relating to, this Contract, or its breach, shall be settled by arbitration in Dallas, Texas, in accordance with the rules, then obtaining, of the American Arbitration Association, and judgement on the award rendered may be

entered in any court having competent jurisdiction. In the event that this arbitration clause is deemed invalid, illegal, or unenforceable, You agree that any litigation resulting from the violation of the terms and conditions of this Contract by You or the Master General Agent or the Company shall be brought in Dallas County, Texas. This Contract is made subject to the laws of the State of Texas, and all compensation payable hereunder shall be payable at Dallas, Texas.

5. Priority; No Waiver; Cumulative Remedies

This Contract supersedes and replaces any Contract or agreement previously entered into between You and the Master General Agent and the Company with respect to any future transactions for products sold through the Master General Agent. However, any rights You and the Company have under any previous Contract are otherwise unaffected except as expressly provided in this Contract. Neither any failure nor any delay on the part of the Company in exercising any right, power or privilege hereunder, nor any course of dealing between the National Marketer and Company, shall operate as a waiver thereof; nor shall a single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

6. Severability

In case any one or more of the provisions contained in this Contract should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

7. Survival of Representations and Warranties

All covenants, representations and warranties made herein shall survive the execution and delivery hereof and shall continue in full force and effect during the term of this Agreement and after the termination thereof.

8. Entire Contract

This Contract contains the entire agreement between You and the Master General Agent. The Contract shall become effective only when first executed by You and thereafter accepted by the Master General Agent at Dallas, Texas.

9. Effective Date

This Contract becomes effective on the date it is accepted by the Master General Agent.

NATIONAL MARKETER

Name: Rushmore Insurance Services, Inc.

Address: 650 One Galleria Tower

City: Dallas, Texas Zip: 75240

By: /s/ Dewey M. Moore, Jr. 1/26/98

Title:

SPONSORING AGENT

Name: Innovative Producers, Inc.

By: /s/ John A. Bonnet

Innovative Producers, Inc., MASTER GENERAL AGENT

A MEMBER OF THE HANEY GROUP, INC.
12222 Merit Dr., Suite 850
Dallas, Texas 75251
(972) 960-1081
(972) 960-8245 (Fax)

COMMISSION SCHEDULE

EXHIBIT A

This Commission Schedule, herein referred to as Schedule, is attached to and made a part of the National Marketing Agreement with Innovative Producers, Inc. ("Master General Agent") and Rushmore Insurance Services, Inc. ("National Marketer, You, Your"). The effective date of this Schedule shall be the 1st day of December, 1997. You shall receive total compensation in the aggregate for You and Your Sub-Agents (as defined IN the National Marketing Agreement) in accordance with the terms of Your National Marketing Agreement and this Schedule as follows:

	COMMISSION
POLICY FORM A70004:	
Year 1	45 %
Year 2 and Later	12 %

Association Dues AND INITIAL Enrollment Fees Are Not Eligible for Commission

EXHIBIT 10.6.3

OVERHEAD SERVICE AGREEMENT

THIS AGREEMENT ("Agreement") entered into between Rushmore Capital Corporation, a Texas Corporation, and Rushmore Securities Corporation ("RSC") , a Texas Corporation , as follows:

WITNESSETH:

WHEREAS, RSC has requested and Rushmore Capital Corporation has agreed to make available certain facilities and provide for performance of certain services for RSC for consideration upon the terms and conditions herein set forth:

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, Rushmore Capital Corporation and RSC agree as follows:

1. PERSONAL PROPERTY. At all times during the term of this Agreement, Rushmore Capital Corporation agrees to provide and make available for use by RSC at the leased premises referred to in Section 3 hereof those certain desks, tables, chairs, typewriters, copying machines, dictating machines, and all other items of personal property required to conduct business on a daily basis (herein collectively called "Personal Property") Rushmore Capital Corporation agrees to undertake to perform and bear all costs relating to periodic maintenance and repairs for Personal Property in order that same shall at all times be in good operating condition and repair and suitable and adequate for the purpose intended. RSC agrees to utilize the Personal Property in the proper manner and for the purpose intended, and promptly to notify Rushmore Capital Corporation of any defect or malfunction in which event Rushmore Capital Corporation agrees promptly to undertake to provide and diligently pursue effecting any needed repairs or replacement of the Personal Property.

2. STAFF. At all times during the term of this Agreement, Rushmore Capital Corporation shall provide RSC personnel to perform services as receptionists, telephone answering, stenographic, secretarial, accounting and bookkeeping and such other support services as customarily are required in the conduct of securities and investment business as RSC may require.

3. OFFICE SPACE. At all times during the term of this Agreement, Rushmore Capital Corporation shall make available to RSC by means of assignment, subletting or such other means as Rushmore Capital Corporation shall select, the leased premises commonly designated as ("Premises") such utilization by RSC to be upon and subject to the terms and conditions set forth in that certain Lease Agreement executed ("Lease") between Rushmore Capital Corporation and the therein stated Landlord, EXCEPT ONLY as such terms and conditions may be altered or amended by the terms and conditions of this Agreement. Rushmore Capital

Corporation and RSC further agree as follows:

a. Rushmore Capital Corporation agrees to be solely responsible for obligations of the lessee as set forth in the Lease with regard to repairs and maintenance of the Premises as may be necessary at any time or from time to time during the term of this Agreement, except only for any such repairs which may be due to the negligence or willful misconduct of RSC or any of its partners, employees or agents.

b. Rushmore Capital Corporation and RSC acknowledge and agree that, if required by the Lease, Rushmore Capital Corporation's making the Premises available to RSC as herein set forth shall be subject to, and require consent and approval of Landlord, and Rushmore Capital Corporation and RSC covenant and agree promptly to request and to use their best efforts to obtain such consent (provided, however that such consent shall not be subject to any conditions or limitations imposed by Landlord not acceptable to Rushmore Capital Corporation or RSC.).

4. GENERAL AND ADMINISTRATIVE EXPENSES: Commencing on February, 1, 1996, Rushmore Capital Corporation shall incur the following general and administrative expenses for the benefit of RSC.

Rent
Payroll
Office Supplies
Equipment and Servicing and Maintenance
Postage
Depreciation on Furniture, Equipment & Capital Leases
Office Utilities
Other Miscellaneous Expenses

5. TERM: This Agreement shall be for a term of one year commencing on the effective date hereof and shall thereafter be automatically renew on a year-to-year basis unless and until terminated by Rushmore Capital Corporation or RSC on written notice given not less than thirty (30) days prior to expiration of an annual term hereof.

6. COMPENSATION: RSC agrees to pay to Rushmore Capital Corporation as mutually agreed, in December of each year, for the use of the Personal Property, services provided, general and administrative expenses incurred, and for the use and occupancy of the Premises, pursuant to Sections 1, 2, 3, and 4 as an overhead reimbursement expense.

This amount may be increased to reflect Rushmore Capital Corporation's pro-rata share of all escalations in such rental or of the pass-through by Landlord of increases in utility costs, taxes, and like, all determined as provided in the Lease. Rushmore Capital Corporation and RSC may re-determine giving due consideration to any expansion or adjustment of the service or any change in the Personal Property provided hereunder and to Rushmore Capital Corporation's actual experience in fulfilling its obligations hereunder. This payment shall,

unless otherwise expressly stated, be made in cash on the last day of December in each calendar year during the term of this Agreement. All past-due sums shall bear interest at 10% (ten percent) from due date until paid.

7. NOTICES: Any notices permitted or required under the terms of this Agreement shall be in writing and shall be deemed duly given if personally delivered or mailed, United States Mail, first class, certified or registered, return receipt requested, postage prepaid, addressed to their parties at their address as any party may hereafter communicate to the other by notice as hereafter communicate to the other by notice as herein provided.

8. MISCELLANEOUS: This represents the entire agreement between Rushmore Capital Corporation and RSC regarding the subject matter hereof and supersedes all prior agreements and understandings between the parties. This Agreement may not be amended except by an instrument in writing executed by the party against whom any such amendment or modification is sought to be enforced. This Agreement shall be governed and construed in accordance with the laws of the State of Texas.

WITNESS THE EXECUTION of this Agreement March 19, 1996 and EFFECTIVE FOR ALL PURPOSES AS OF February 1, 1996.

Rushmore Securities Corporation

By: /s/ Jim W. Clark

President

Rushmore Capital Corporation

By: /s/ D. M. Moore, Jr.

President

EXHIBIT 10.6.4

OVERHEAD SERVICE AGREEMENT

THIS AGREEMENT ("Agreement") entered into between Rushmore Capital Corporation, a Texas Corporation, and Rushmore Investment Advisors, Inc. , a Texas Corporation, as follows:

WITNESSETH:

WHEREAS, Rushmore Investment Advisors, Inc. has requested and Rushmore Capital Corporation has agreed to make available certain facilities and provide for performance of certain services for Rushmore Investment Advisors, Inc. for consideration upon the terms and conditions herein set forth:

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, Rushmore Capital Corporation and Rushmore Investment Advisors, Inc. agree as follows:

1. PERSONAL PROPERTY. At all times during the term of this Agreement, Rushmore Capital Corporation agrees to provide and make available for use by Rushmore Investment Advisors, Inc. at the leased premises referred to in Section 3 hereof those certain desks, tables, chairs, typewriters, copying machines, dictating machines, and all other items of personal property required to conduct business on a daily basis (herein collectively called "Personal Property") Rushmore Capital Corporation agrees to undertake to perform and bear all costs relating to periodic maintenance and repairs for Personal Property in order that same shall at all times be in good operating condition and repair and suitable and adequate for the purpose intended. Rushmore Investment Advisors, Inc. agrees to utilize the Personal Property in the proper manner and for the purpose intended, and promptly to notify Rushmore Capital Corporation of any defect or malfunction in which event Rushmore Capital Corporation agrees promptly to undertake to provide and diligently pursue effecting any needed repairs or replacement of the Personal Property.

2. STAFF. At all times during the term of this Agreement, Rushmore Capital Corporation shall provide Rushmore Investment Advisors, Inc. personnel to perform services as receptionists, telephone answering, stenographic, secretarial, accounting and bookkeeping and such other support services as customarily are required in the conduct of investment business by Rushmore Investment Advisors, Inc. may require.

3. OFFICE SPACE. At all times during the term of this Agreement, Rushmore Capital Corporation shall make available to Rushmore Investment Advisors, Inc. by means of assignment, subletting or such other means as Rushmore Capital Corporation shall select, the leased premises commonly designated as ("Premises") such utilization by Rushmore Investment Advisors, Inc. to be upon

and subject to the terms and conditions set forth in that certain Lease Agreement executed ("Lease") between Rushmore Capital Corporation and the therein stated Landlord, EXCEPT ONLY as such terms and conditions may be altered or amended by the terms and conditions of this Agreement. Rushmore Capital Corporation and Rushmore Investment Advisors, Inc. further agree as follows:

a. Rushmore Capital Corporation agrees to be solely responsible for obligations of the lessee as set forth in the Lease with regard to repairs and maintenance of the Premises as may be necessary at any time or from time to time during the term of this Agreement, except only for any such repairs which may be due to the negligence or willful misconduct of Rushmore Investment Advisors, Inc. or any of its partners, employees or agents.

b. Rushmore Capital Corporation and Rushmore Investment Advisors, Inc. acknowledge and agree that, if required by the Lease, Rushmore Capital Corporation's making the Premises available to Rushmore Investment Advisors, Inc. as herein set forth shall be subject to, and require consent and approval of Landlord, and Rushmore Capital Corporation and Rushmore Investment Advisors, Inc. covenant and agree promptly to request and to use their best efforts to obtain such consent (provided, however that such consent shall not be subject to any conditions or limitations imposed by Landlord not acceptable to Rushmore Capital Corporation or Rushmore Investment Advisors, Inc.).

4. GENERAL AND ADMINISTRATIVE EXPENSES: Commencing on February, 1, 1996, Rushmore Capital Corporation shall incur the following general and administrative expenses for the benefit of Rushmore Investment Advisors, Inc.

Rent
Payroll
Office Supplies
Equipment and Servicing and Maintenance
Postage
Depreciation on Furniture, Equipment & Capital Leases
Office Utilities
Other Miscellaneous Expenses

5. TERM: This Agreement shall be for a term of one year commencing on the effective date hereof and shall thereafter be automatically renew on a year-to-year basis unless and until terminated by Rushmore Capital Corporation or Rushmore Investment

Advisors, Inc. on written notice given not less than thirty (30) days prior to expiration of an annual term hereof.

6. COMPENSATION: Rushmore Investment Advisors, Inc. agrees to pay to Rushmore Capital Corporation as mutually agreed, in December of each year, for the use of the Personal Property, services provided, general and administrative expenses incurred, and for the use and occupancy of the Premises, pursuant to Sections 1, 2, 3, and 4 as an overhead reimbursement expense. This amount may be increased to reflect Rushmore Capital Corporation's pro-rata share of all escalations in

such rental or of the pass-through by Landlord of increases in utility costs, taxes, and like, all determined as provided in the Lease. Rushmore Capital Corporation and Rushmore Investment Advisors, Inc. may re-determine giving due consideration to any expansion or adjustment of the service or any change in the Personal Property provided hereunder and to Rushmore Capital Corporation's actual experience in fulfilling its obligations hereunder. This payment shall, unless otherwise expressly stated, be made in cash on the last day of December in each calendar year during the term of this Agreement. All past-due sums shall bear interest at 10% (ten percent) from due date until paid.

7. NOTICES: Any notices permitted or required under the terms of this Agreement shall be in writing and shall be deemed duly given if personally delivered or mailed, United States Mail, first class, certified or registered, return receipt requested, postage prepaid, addressed to their parties at their address as any party may hereafter communicate to the other by notice as hereafter communicate to the other by notice as herein provided.

8. MISCELLANEOUS: This represents the entire agreement between Rushmore Capital Corporation and Rushmore Investment Advisors, Inc. regarding the subject matter hereof and supersedes all prior agreements and understandings between the parties. This Agreement may not be amended except by an instrument in writing executed by the party against whom any such amendment or modification is sought to be enforced. This Agreement shall be governed and construed in accordance with the laws of the State of Texas.

WITNESS THE EXECUTION of this Agreement March 19, 1996 and EFFECTIVE FOR ALL PURPOSES AS OF February 1, 1996.

Rushmore Investment Advisors, Inc.

by: /s/ F.E. Mowrey

President

Rushmore Capital Corporation

by: /s/ D. M. Moore, Jr.

President

EXHIBIT 10.6.5

OVERHEAD SERVICE AGREEMENT

THIS AGREEMENT ("Agreement") entered into between Rushmore Capital Corporation, a Texas Corporation, and Rushmore Insurance Services Incorporated, a Texas Corporation ("RIS"). as follows:

WITNESSETH:

WHEREAS, RIS has requested and Rushmore Capital Corporation has agreed to make available certain facilities and provide for performance of certain services for RIS for consideration upon the terms and conditions herein set forth:

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, Rushmore Capital Corporation and RIS agree as follows:

1. PERSONAL PROPERTY. At all times during the term of this Agreement, Rushmore Capital Corporation agrees to provide and make available for use by RIS at the leased premises referred to in Section 3 hereof those certain desks, tables, chairs, typewriters, copying machines, dictating machines, and all other items of personal property required to conduct business on a daily basis (herein collectively called "Personal Property") Rushmore Capital Corporation agrees to undertake to perform and bear all costs relating to periodic maintenance and repairs for Personal Property in order that same shall at all times be in good operating condition and repair and suitable and adequate for the purpose intended. RIS agrees to utilize the Personal Property in the proper manner and for the purpose intended, and promptly to notify Rushmore Capital Corporation of any defect or malfunction in which event Rushmore Capital Corporation agrees promptly to undertake to provide and diligently pursue effecting any needed repairs or replacement of the Personal Property.

2. STAFF. At all times during the term of this Agreement, Rushmore Capital Corporation shall provide RIS personnel to perform services as receptionists, telephone answering, stenographic, secretarial, accounting and bookkeeping and such other support services as customarily are required in the conduct of investment business by RIS may require.

3. OFFICE SPACE. At all times during the term of this Agreement, Rushmore Capital Corporation shall make available to RIS by means of assignment, subletting or such other means as Rushmore Capital Corporation shall select, the leased premises commonly designated as ("Premises") such utilization by RIS to be upon and subject to the terms and conditions set forth in that certain Lease Agreement executed ("Lease") between Rushmore Capital Corporation and the therein stated Landlord, EXCEPT ONLY as such terms and conditions may be altered or amended by the terms and conditions of this Agreement. Rushmore Capital

Corporation and RIS further agree as follows:

a. Rushmore Capital Corporation agrees to be solely responsible for obligations of the lessee as set forth in the Lease with regard to repairs and maintenance of the Premises as may be necessary at any time or from time to time during the term of this Agreement, except only for any such repairs which may be due to the negligence or willful misconduct of RIS or any of its partners, employees or agents.

b. Rushmore Capital Corporation and RIS acknowledge and agree that, if required by the Lease, Rushmore Capital Corporation's making the Premises available to RIS as herein set forth shall be subject to, and require consent and approval of Landlord, and Rushmore Capital Corporation and RIS covenant and agree promptly to request and to use their best efforts to obtain such consent (provided, however that such consent shall not be subject to any conditions or limitations imposed by Landlord not acceptable to Rushmore Capital Corporation or RIS).

4. GENERAL AND ADMINISTRATIVE EXPENSES: Commencing on February 1, 1996, Rushmore Capital Corporation shall incur the following general and administrative expenses for the benefit of RIS

Rent
Payroll
Office Supplies
Equipment and Servicing and Maintenance
Postage
Depreciation on Furniture, Equipment & Capital Leases
Office Utilities
Other Miscellaneous Expenses

5. TERM: This Agreement shall be for a term of one year commencing on the effective date hereof and shall thereafter be automatically renew on a year-to-year basis unless and until terminated by Rushmore Capital Corporation or RIS on written notice given not less than thirty (30) days prior to expiration of an annual term hereof.

6. COMPENSATION: RIS agrees to pay to Rushmore Capital Corporation as mutually agreed, in December of each year, for the use of the Personal Property, services provided, general and administrative expenses incurred, and for the use and occupancy of the Premises, pursuant to Sections 1, 2, 3, and 4 as an overhead reimbursement expense.

This amount may be increased to reflect Rushmore Capital Corporation's pro-rata share of all escalations in such rental or of the pass-through by Landlord of increases in utility costs, taxes, and like, all determined as provided in the Lease. Rushmore Capital Corporation and RIS may re-determine giving due consideration to any expansion or adjustment of the service or any change in the Personal Property provided hereunder and to Rushmore Capital Corporation's actual experience in fulfilling its obligations hereunder. This payment shall,

unless otherwise expressly stated, be made in cash on the last day of December in each calendar year during the term of this Agreement. All past-due sums shall bear interest at 10% (ten percent) from due date until paid.

7. NOTICES: Any notices permitted or required under the terms of this Agreement shall be in writing and shall be deemed duly given if personally delivered or mailed, United States Mail, first class, certified or registered, return receipt requested, postage prepaid, addressed to their parties at their address as any party may hereafter communicate to the other by notice as hereafter communicate to the other by notice as herein provided.

8. MISCELLANEOUS: This represents the entire agreement between Rushmore Capital Corporation and RIS regarding the subject matter hereof and supersedes all prior agreements and understandings between the parties. This Agreement may not be amended except by an instrument in writing executed by the party against whom any such amendment or modification is sought to be enforced. This Agreement shall be governed and construed in accordance with the laws of the State of Texas.

WITNESS THE EXECUTION of this Agreement March 19, 1996 and EFFECTIVE FOR ALL PURPOSES AS OF February 1, 1996.

Rushmore Insurance Services, Inc.

by: /s/ D. M. Moore, Jr.

President

Rushmore Capital Corporation

by: /s/ D. M. Moore, Jr.

President

EXHIBIT 10.7

REPRESENTATIVE AGREEMENT

THIS REPRESENTATIVE AGREEMENT ("Agreement") is made and entered into this 9th day of April, 1994 by and between Rushmore Securities, Inc. (RSC), a Texas Corporation, with its principal office located at 15851 Dallas Parkway, Suite 1155, Dallas, Texas 75248 and the undersigned Kenny Anderson (Hereinafter referred to as "RR")

WHEREAS, RSC is a duly qualified broker-dealer, and

WHEREAS, Registers Representative "RR" desires to engage in the sale of securities the parties hereto that the RR conduct such sales activities as an independent securities salesperson and not as an employee, as provided by paragraph 6 of Mimeograph 6656, published by the office of the Commissioner of Internal Revenue in Cumulative Bulletin 1951-1, page 108, subject to such supervisory restrictions as are required by the SEC, NASD, Securities Commission of the State of Texas or other applicable states, and other Regulatory Authorities and Associations as are necessary to properly qualify the RR.

NOW, THEREFORE, it is agreed:

1. DEFINITIONS

(a) The term "Registered Representative" shall have the meaning provided by schedule C of Article II of the By-Laws of the NASD.

(b) The term SEC shall mean the Securities and Exchange Commission.

(c) The term "NASD" shall mean the National Association of Securities Dealers, Inc.

(d) The term "Regulatory Authority" shall mean the SEC, NASD, Securities Commission of the applicable state(s) and any other organization, association or governmental authority having jurisdiction over securities engaged in by RSC or the RR by reason of any statute, rule or regulation or by reason of membership of RSC in such organization or association.

2. TERM

This agreement and the association between parties may be terminated at any time, for any reason, by either party upon written notice to the other party. Upon termination of this agreement and the association, regardless of how such termination may be brought about, RR will promptly return to RSC all instruments, documents and other materials which RSC may have provided to RR or which may have been otherwise acquired by RR in connection with or as a result of the association with RSC.

3. SERVICE OF REPRESENTATIVE

RR shall have the right to solicit, promote and encourage sales and purchases of, securities approved by RSC for the general public, as a Registered Representative in accordance with the rules and regulations published by Regulatory Authorities and governed by the specific securities license held by the RR. However, RSC reserves the right to refuse any application, subscription agreement or sale obtained by the RR. The RR status will be that of independent contractor of RSC and nothing herein shall be construed to create the relationship of employer and employee between RSC and RR. Subject to RR's strict compliance with the requirements, terms, and conditions of this Agreement, RR shall be free to exercise his or her own judgement and discretion as to: the persons from whom the RR will solicit applications and orders for the purchase and sale of Securities Products; the time, method and place of solicitation; the location of, and all arrangements for, and all employees of, and all other aspects of, RR's business.

4. COMMISSIONS

Pursuant to paragraph 3 hereof, RSC agrees to pay RR commissions on the sale of securities as provided for herein, such commission to be paid as set forth in Exhibit "A" attached hereto, and incorporated herein by reference. Commissions shall be considered earned only when commissions are received by RSC from the issuer. RR specifically waives payment of any and all commissions due them until such time as RSC is in receipt of the commission(s). All indebtedness of RR to RSC shall be considered to be a prior lien against any commission due RR and shall be deducted from proceeds payable to RR. If for Whatever reason, a charge-back is levied against RSC by an issuer or another broker-dealer who has paid a dealer re allowance or commission to RSC a proportionate charge-back does not constitute grounds for refusal to pay RSC such amount on demand whether RR is currently registered with RSC or not. RR will not receive any continuing commissions (whether for business solicited by RR or for Override Commissions or otherwise) after termination of this Agreement. After termination of this Agreement, RR will receive only such commissions: as were actually earned prior to termination; and such that would have been earned prior to termination but had not been earned only because the had not been received by RSC; and as to the latter, RR will receive those commissions only when they are received by RSC.

Any monies that may be paid by RSC to RR as an advance loan against RR's commission or Override Commission, either or both of which are yet to be earned. Any and all advance commissions are a loan to RR.
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5. EXPENSES

RR further agrees that any and all expenses which may be incurred by RR shall be the sole and exclusive obligation of the RR, including but not limited to, the payment of all fees, regulatory assessments, bonds, administrative

expenses of registration and license(s) maintenance incurred by RSC on behalf of the RR; provided, however, that RSC will provide without charge standard literature and other material relating to the securities being marketed at no cost. It shall be the sole responsibility of the RR to pay overhead expenses incident to his activities under the terms of this Agreement, including but not limited to, secretarial, licensing, entertainment, education and transportation expense, none of which shall be the responsibility of RSC. Neither shall RSC provide to RR any other benefit or compensation other that the commissions provided for in paragraph 4 above. As an independent contractor, RR shall be a self employed-person and RSC shall not withhold or pay federal income or FICA taxes, the payment of such taxes being the sole responsibility of RR.

6. OBLIGATIONS OF RSC

RSC agrees to maintain an effective and adequately capitalized broker-dealership properly registered with all Regulatory Authorities. RSC further agrees to furnish the RR facilities for execution and confirmation services. RSC from time to time may choose to make reports or other services available, but it is not obligated to do so. It may also agree from time to time to provide additional services for an agreed upon fee to the RR.

7. OBSERVANCE OF REGULATORY REQUIREMENTS

RR agrees to maintain their operations in conformity with all applicable laws, rules and regulations of Regulatory Authorities, including, but not limited to those practices prescribed by the Manual of the NASD and the currently effective RSC Supervisory Procedures Manual, the requirements of which are incorporated herein by reference. RR will not conduct any business not permitted under their license. They shall be responsible for adherence to all applicable securities regulations. In the event that any liability is asserted against his actions or omissions, RR agrees to reimburse, indemnify and hold harmless RSC from any expense it may incur including attorney's fees by reason of any breach of this

paragraph 7 or paragraph 10 and of said laws, rules and regulations. The RR shall observe such written procedures as are published by RSC.

RR is prohibited from, and agrees that RR shall not: (a) collect from Customers, in payment of the purchase of securities, cash, or checks made payable other than to RSC or to the appropriate custodian bank or transfer agent relating to such purchases, all as designated by RSC; (b) offer or sell any security unless it is a Securities Product; (c) offer or sell any security unless there exists at the time of such offer or sale an effective dealer agreement between RSC and the issuer, underwriter custodian or transfer agent of said security; (d) make, alter or discharge on behalf of RSC any contract or investment, or waive any provision other than in strict compliance with the terms and conditions of the securities laws and in accordance with this Agreement and the procedures, manuals, rules and regulations with this Agreement

and the procedures, manuals, rules and regulations of RSC; or (e) make any misrepresentation, or improperly induce a Customer to purchase or sell any security or any Securities Product.

8. TRANSACTIONS WITH OTHER BROKER-DEALERS

During the Term of this Agreement, RR shall not: (a) be associated with or be a registered representative of any other broker-dealer; (b) maintain any NASD registration other than with RSC; or (c) solicit or offer for purchase or sale any securities, or investments except on behalf of RSC. RR agrees to immediately notify RSC in writing if RR acquires or obtains any interest in or affiliation with any other broker-dealer or engages in any employment relating to the sale of securities or investments, either directly or indirectly, either alone or with any person or entity other than RSC. RR shall immediately notify RSC if RR becomes involved in any activity that would create the possibility of a conflict of interest on the part of RR with respect to RSC or any Securities Product offered by or on behalf of RSC RR shall not execute a securities transaction for the account of any RR or employee (or close relative of either) of any other broker-dealer without the prior written approval of RSC.

9. BREACH OF REGULATORY DUTIES

Notwithstanding the provisions of paragraph 2 hereto as to notice to termination of this Agreement, RSC shall have the right to require RR to suspend transactions in a particular security to the extent that any such transaction, or the actions of the RR with respect hereto, could, in the opinion of RSC, be considered a breach of any law, rule or regulation of any Regulatory Authority. Provided Further, that said right to require suspension of any transaction or transactions shall be enforceable by injunction by a court of competent jurisdiction. Failure by RR to suspend transactions when notified by RSC shall be deemed a material breach of this Agreement, and RSC may at its option terminate this agreement on the occurrence of such breach.

10. USE OF RSC NAME; INDEMNIFICATION

The RR agrees to indemnify and save harmless RSC from any cost, expense or damages, including reasonable attorney's fees to which RSC may become obligated by reason of such grant of such status as a RR of RSC. If the RR operates under any other name than RSC, he agrees not to advertise such name with respect to the solicitation for or sale of securities. He further agrees that his clients will be made aware that he is acting in the capacity of a RR of RSC.

Any advertising for the sale of securities must be approved by RSC to insure that it adheres to the guidelines of the Regulatory Authorities. Nothing contained herein shall be construed as a grant of authority to the RR, which authority is specifically disclaimed.

11. CONSTRUCTION; SERVERABILITY

It is the intent of the parties hereto that the terms of this Agreement shall be construed pursuant to the laws of the State of Texas, and in accordance

with the requirements of the SEC, NASD, and other Regulatory Authorities, to the extent applicable hereto. To the extent that any of the provisions of this

agreement shall be invalid or unenforceable, then this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

12. MODIFICATION

No change of this Agreement (including Exhibit A) shall be valid unless the same be made in writing to RR by RSC.

13. ENTIRE AGREEMENT

This instrument is the entire Agreement of the parties, except to the extent of any document incorporated herein by reference or any statutes rules and regulations, clearing agreements or manuals referred to herein.

14. NON-ASSIGNABILITY; DEATH, DISABILITY

The services contracted hereunder are personal and dependent upon the qualifications of the parties hereto and may not be assigned by either party without the express consent of the other in writing. In the event of death, disability or incapacity of the RR this agreement shall terminate.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE EXECUTED THIS AGREEMENT IN DUPLICATE ORIGINALS THE DAY AND YEAR FIRST ABOVE WRITTEN.

REGISTERED REPRESENTATIVE	RUSHMORE SECURITIES CORP.
/s/ Kenneth G. Anderson	/s/ Jim W. Clark
Signature	Signature
/s/ Kenneth G. Anderson	PRESIDENT - TITLE
Print or Type Name of Signatory	

EXHIBIT "A"

Commission payable to the RR will be 75% net of all clearing charges and/or the dealer allowance paid to RSC on the following types of business:

Mutual Funds
Variable Annuities
Variable Life Products
Unit Investment Trusts

EXHIBIT 10.8

RUSHMORE INVESTMENT ADVISORS. INC

PROFESSIONAL ADVISORY AGREEMENT

Rushmore Investment Advisors, Inc. (Advisor) and Marjorie M. Chapman (Client) enter into this Professional Services Agreement (the Agreement) on 8-25-97 (Date).

1. SERVICES PROVIDED:
Advisor agrees to direct, implement, monitor and manage the investment and reinvestment of certain assets of the Client and the proceeds thereof. The listing of assets included in this agreement is provided in attachment "A" hereto. The parties agree that, upon addition or deletion of any asset covered under this Agreement, Advisor will maintain an updated listing of all assets covered under this Agreement. The revised asset listing as maintained by Advisor will be considered as the revised attachment "A" to this agreement.

2. PROGRAM AND ADVISORY AUTHORITY:
Advisor's authority with respect to the Client assets shall be one of the following as indicated:

___ 1. INDIVIDUAL MANAGED ASSET PROGRAM (IMAP) Discretionary - Advisor shall have authority to purchase and/or sell assets on behalf Client without obtaining approval for any transaction.

_____ Rushmore Managed Account
_____ Third-Party Managed

X
--- 2. MUTUAL FUND MANAGED ASSET PROGRAM (MFMAP) Discretionary - Advisor shall have authority to purchase and/or sell assets on behalf of client without obtaining approval for any transaction.

3. ACCOUNT RESTRICTIONS:
Advisor agrees to observe any specific Client investment policy, guidelines and/or restrictions as provided by Client.

4. REPORT TO CLIENT:
Advisor shall provide Client with quarterly written statements regarding assets managed by Advisor, including the market value of current holdings, purchases and sales, and any income or expense items (including any advisory fees to be paid to Advisor). Client will receive an annual report including all quarterly statements, meeting notes, and copies of all correspondents.

5. PROXY VOTING:
Unless specifically directed by Client, Advisor shall not assume
---
responsibility for voting proxies on Client behalf.

6. BROKERAGE SERVICES:
Subject to Client approval, Advisor will select brokerage firms to execute transactions on Client's behalf. Criteria used in selection process shall include commission costs and execution capabilities. Advisor assumes responsibility recommending brokerage firm and for negotiating brokerage rates on Client's behalf. All brokerage commissions, stock transfer fees and other

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Dallas, TX 75240 (214) 234-8949 (FAX)

similar charges relating to Client's investments shall be paid by Client. Advisor shall not receive commissions for the sale or redemption of mutual fund securities in Client's portfolio. Advisor may use an affiliated

broker/dealer to efficiently execute trades for Client's portfolio. Transaction fees for mutual fund securities received by any affiliated broker dealer shall not exceed the transaction charges on the Advisory Fee Schedule in Exhibit A. In addition Advisor may receive administrative service fees from various mutual fund sponsors for rendering specific services to the mutual fund. This is separate from 12(b)1 administrative service fee paid on some mutual funds to the broker/dealer of record.

7. CUSTODY OF ASSETS:
Client acknowledges that Advisor will not have custody of Client's funds. Client retains responsibility for custodianship of all Client assets. Client acknowledges that Advisor is only providing advisory services described in this Agreement and that Advisor retains no custody or possession of the assets in the Client's account and performs no depository services with respect to Client's account.

8. CONFIDENTIALLY OF INFORMATION:
All advice as provided by Advisor is to be confidential, and not publicized or communicated to any outside third party without the written consent of Advisor and Client, except as required by applicable state or federal law.

9. FEES:
Fees payable to Advisor for advisory services shall be calculated as a percentage of the average daily market value of the assets managed, according to the fee schedule shown below. Fees shall become due payable at the end of each calendar quarter in which the Client's assets are managed by Advisor. A deposit, equal to the fees calculated according to the fee schedule below, based on the balance at the beginning of each quarter, will be retained by Advisor until the end of each quarter at which time the fees are due and payable. Advisor shall notify Client in writing of the amount of fees due, how the fees were calculated, and the value of the assets on which the fees were computed. Client will provide for an automatic draft to be established for payment of all fees. The base number for fee calculation shall be the assets under management by Advisor as of the end of each calendar quarter. Fees for a partial quarter shall be calculated on a pro rata basis assuming 365 day year. Advisor does not offer any fee schedule based on account performance. All Accounts are subject to a minimum quarterly fee of $500.00.

FEE SCHEDULE

<TABLE>
<CAPTION>

Assets Managed (average daily balance in quarter)	Ann Rate	Qtly Rate
<S>	<C>	<C>
Amounts equal to or less than $250,000	2.00%	.5000%
Amounts greater than $250,000 or equal to $500,000	1.75%	.4375%
Amounts greater than $500,000 but less than or equal to $1,000,000	1.50%	.3800%
Amounts greater than $1,000,000 but less than equal to $3,000,000	1.00%	.2500%
Amounts greater than $3,000,000	negotiable	

</TABLE>

All fees are payable monthly or quarterly and are negotiable with Client. Where advanced retainers are deposited, and are not for more than three months in advance, and if the engagement is subsequently terminated, any unearned fees will be refunded to Client. Client agrees that the

Advisor may send bills for its fees for direct payment by the bank or firm holding Client's securities and funds, provided that at the same time Advisor sends a copy of its billing to Client showing the amount of the fee, the value of the Client's assets on which the fee is based, and the specific manner in which the fee is calculated.

10. ASSIGNABILITY:
This Agreement may not be assigned to any third party by without written consent of Client. This agreement shall be binding upon and inure to the

benefit of the parties, and successors, heirs and assigns of Client.

11. DIVISIBILITY OF AGREEMENT:
If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

12. TERM OF AGREEMENT:
This Agreement shall take effect as of the date of execution by both parties, and shall continue in effect until terminated by either party, one to the other, upon thirty days written notice.

13. APPOINTMENT OF RUSHMORE AS ATTORNEY-IN-FACT:
Subject to the elections in paragraph 2, Client agrees to appoint Advisor its agent and attorney-in-fact in connection with assets managed by Advisor for Client, including but not limited to, purchase and sale of securities, clearance and settlement of securities transactions, transfer, receipt, and delivery of securities or cash, and authorizes Advisor to give such instructions and to act on behalf of the Client with respect to the managed assets in the same manner and with the same force and effect as if the Client acted directly. This Limited Power of Attorney shall remain in effect until authority is revoked by Client upon receipt by Advisor of written notice of such revocation. A copy of the Limited Power of Attorney, once executed, will be attached hereto as exhibit B.

14. ENTIRE AGREEMENT:
This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter and contains all of the covenants and agreements between the parties with respect to said matter. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statements, or promises not contained in this Agreement shall be valid or binding.

I5. GOVERNING LAW:
This agreement shall be governed by and construed in accordance with the laws of the State of Texas

16. NOTICES:
Notices under this Agreement shall be in written form, and directed to the designated representatives of Advisor and Client as shown below. Both Advisor and Client warrant that the

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parties designated below and executing this Agreement are duly authorized to enter into this Agreement on behalf of their respective entities.

17. RECOMMENDATIONS:
The recommendations to be provided under this agreement are advisory in nature, and Client expressly agrees that Advisor shall not be held liable in any manner with reference to the investment performance of Advisor's recommendations, provided those recommendations are duly provided by Advisor in good faith, with reasonable care and consideration for Client's circumstances.

18. ARBITRATION:
Any controversy or claim arising out of or related to this agreement, or any breach thereof, shall be settled by arbitration, in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and Judgment upon the award rendered by the Arbitrator(s) may be entered into any Court having jurisdiction thereof.

19. OTHER ACKNOWLEDGMENTS:
Client acknowledges that it has received at least 48 hours in advance of signing this agreement, a disclosure statement from Advisor that includes (i) any affiliations with any securities dealer or other investment advisor and the nature of such affiliation, (ii) the Advisor's fee schedule and the

extent to which such fees are negotiable, (iii) the extent to which the Advisor will also act as principal or as an agent to execute recommended transactions in securities, and (iv) other information about Advisor. Such disclosure may be satisfied by delivery to Client of Part II of the form ADV of Advisor, as filed with the Securities and Exchange Commission.

RUSHMORE:	CLIENT: PLEASE PRINT NAME & ADDRESS
RUSHMORE INVESTMENT ADVISORS, INC.	/s/Marjorie M Chapman
13355 NOEL ROAD, SUITE 300	10323 Cimmaren Tr.
DALLAS, TX 75240	Dallas TX 75243

ACCEPTED, this 5 day of September, 1997.

By:	By:
/s/ F. E. Mowery	/s/ Marjorie M. Chapman
Frederick E. Mowery, President	Client

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Exhibit 10.9

AFFILIATION AGREEMENT

This AFFILIATION AGREEMENT ("Agreement") is entered into and made effective on the date set forth below, between John Diller ("Agent"), whose address is indicated below, and Rushmore Insurance Services, Incorporated and/or, its affiliates or assigns ("Rushmore"), whose address is 13355 Noel Road, Suite 650, Dallas, Texas 75240.

R E C I T A L S

WHEREAS, Rushmore has entered into various National Marketing Agreements with Insurance and Investment Companies, and has developed unique and proprietary concepts, products, systems and agencies for the exclusive benefit of Rushmore and its agents; and,

WHEREAS, Agent desires, individually and/or through other agents recruited by Agent, to market insurance and other financial products and services, and to utilize the concepts and systems provided through Rushmore and/or its affiliates; and,

WHEREAS, Agent desires to receive loans or advances and is duly indebted to Rushmore as a result of various Commission Advance, Cash Loan, or Annualization Agreements which Rushmore may advance or guarantee from time to time at its discretion (hereinafter referred to as the "Indebtedness"); and,

WHEREAS, In the event the Indebtedness or any portion thereof becomes unrecoverable, Agent desires to assign any and all insurance commissions, including first year and renewal, now due or which may become due to Agent from each and every insurance company with whom the Agent is now licensed or becomes licensed subsequent to the date of this Agreement (hereinafter referred to as Companies").

NOW, THEREFORE, in consideration of the mutual benefits to be derived, Agent and Rushmore agree as follows:

1. RESPONSIBILITY FOR LICENSE AND COMPLIANCE WITH APPLICABLE LAWS. Agent shall be solely responsible (i) for complying with all state, federal and local laws applicable and (ii) for obtaining any permits or licenses required under applicable state, federal and local laws necessary to become affiliated with Rushmore and to receive a fee for soliciting insurance or other financial products. Agent agrees to promptly furnish to Rushmore a copy of such license(s) prior to commencement of Agent's solicitation of any customer; and Agent agrees to maintain and keep current such license(s) and to promptly notify Rushmore of any changes in the licensing requirements applicable to Agent.

2. COMPLIANCE. Agent agrees to comply fully with all program guidelines, and other policies, procedures and criteria established from time to time by Rushmore or Companies. Further, Agent agrees to use only solicitation or other materials approved by Rushmore or Companies and shall use no other solicitation, advertising or similar materials when communicating or dealing with potential customers.

3. USE OF RUSHMORE NAME. Rushmore agrees to permit Agent the use of the Rushmore name, Logo, Trademarks, Copyrights, Materials, Systems, Forms, and other proprietary information. Agent agrees to use all due diligence to protect the good name and image of Rushmore, to treat all such information confidentially, and not to disclose or distribute such information by any means to unauthorized third parties.

4. CONFIDENTIAL INFORMATION. Agent acknowledges that the concepts, products, systems and other materials provided to Agent by Rushmore are the sole property of Rushmore, and Agent agrees not to use any such materials, directly or indirectly, for any purpose whatsoever during the term of this Agreement, other than the solicitation and referral of customers, and further agrees not to use such materials, directly or indirectly, in any manner whatsoever after the termination of this Agreement. With the exception of his or her own downline agents, Agent agrees not to solicit or recruit, for any purpose, other agents within Rushmore and to treat such agents as confidential and proprietary.

5. SUBMISSION OF APPLICATIONS. Agent hereby covenants and agrees not to submit any application for a customer to replace a policy of insurance issued by a company represented by Rushmore, and not to submit any application which Agent knows or should have known to contain false, fraudulent or misleading information.

6. FEES TO AGENT. Agent shall be paid a commission in connection with the sale of various products in accordance with the commission and override schedule in effect. Agent acknowledges receipt of same for each company represented and agrees to the commission, override and Advance Agreement currently in effect. Rushmore may at any time change or amend the commission, override or advance schedule.

7. MANAGEMENT RESPONSIBILITY. Agent agrees to supervise and oversee the activities of all downline agents, if any, for and in consideration of the various management, generational or bonus overrides received; including but not limited to, marketing and sales support, administrative support, training, compliance, education, dissemination of bulletins, etc. from Rushmore or Companies regarding policies and procedures, etc. Agent understands and agrees that Agent is responsible for all downline debit balances and quality of business and agrees to use all due diligence in recruiting, managing and motivating downline agents.

8. SETOFF. If Agent has any indebtedness to Rushmore at any time, either as a result of Agent's indemnification hereunder or under any other provision of this Agreement or any provision of any other agreement with Companies or other

arrangement between Agent and Rushmore; Rushmore may setoff such indebtedness against obligations of Rushmore to Agent under this Agreement.

9. ASSIGNMENT TO OFFSET INDEBTEDNESS. In the event any of the Indebtedness remains unrecoverable after such setoff, Agent does hereby irrevocably assign, transfer and set over to Rushmore all the Agent's right, title and interest in and to any and all commissions now due or which may hereafter become due to Agent from Companies due to any indebtedness to Rushmore. Commissions assigned hereunder are those commissions payable to Agent pursuant to the terms of any and all Commission Agreements for Agents or Brokers entered into by Agent and Companies. Commissions shall also include any and all moneys to be received by Agent from Companies as a result of Agent's insurance activities for and on behalf of Companies.

10. APPOINTMENT OF RUSHMORE. Agent hereby constitutes and appoints Rushmore its true, lawful and irrevocable attorney-in-fact to demand, receive and enforce payments and to give receipts, releases, satisfactions for and to sue for all sums payable to Agent from Companies, and this may be done either in the name of Agent or in the name of Rushmore with the same force and effect as the Agent could do if this Agreement had not been made. Any and all sums of money subject to this Agreement which may be received by Agent to which Rushmore is entitled, will be received by Agent as trustee for Rushmore. This assignment shall be effective from the date of this Agreement and shall remain in effect until all the Indebtedness referred to herein is extinguished.

11. CREDITING COMMISSIONS. All sums of money received by Rushmore pursuant to this Agreement shall be credited by Rushmore against any Indebtedness. Any funds received by Rushmore from Companies in excess of the Indebtedness outstanding as of the date of receipt of such funds will become the property of Agent. Companies are not a party to this Agreement. Their only obligation upon their acceptance of a copy hereof, will be the payment to Rushmore of any and all commissions now due or hereafter to become due to Agent.

12. NO PRIOR LIENS. Agent represents, warrants and agrees that no prior assignment, security interest or lien, other than as contained herein has been created or exists with respect to the commission payable, under any Commission Agreement described above; and Agent will not create or suffer to exist any such assignment, security interest or lien, other than this Agreement.

13. INDEMNIFICATION. Agent hereby agrees to indemnify and hold Rushmore harmless from all damages, losses, costs and expenses, including reasonable attorneys' fees, which Rushmore may sustain as result of Agent's negligence, intentional tort, or breach of any representation, covenant, agreement or warranty contained herein.

14. INDEPENDENT CONTRACTORS. In performing Agent's responsibilities under this Agreement, Agent is an independent contractor paying his or her own expenses and all taxes as a self-employed person. This Agreement does not create, and shall not be construed to create, a relationship of partner or joint venture or an association for profit or an employer/employee relationship between Rushmore and

Agent.

15. SURVIVAL. Each of the representations and warranties set forth in this Agreement shall survive the execution, delivery and termination of this Agreement.

16. TERMINATION. This agreement may be terminated by Rushmore for cause or for lack of production upon written notice to Agent. This Agreement may be terminated by Agent for any reason upon 30 days written notice to Rushmore.

17. GOVERNING LAW. This Agreement shall be construed and interpreted in accordance with the laws of the State of Texas. Venue for any dispute arising from this Agreement shall be set in Dallas County, Texas.

I8. ENTIRE AGREEMENT. This Agreement represents the entire agreement between Agent and Rushmore relating to the subject matter hereof and may not be amended, other than provided in Paragraph 6, except by written instrument executed by both parties. This Agreement and all rights and liabilities hereunder shall inure to the benefit of Agent and Rushmore and its successors and assigns, and shall be binding on the heirs, administrators, successors and assigns of each party.

EXECUTED to be effective as of this 10th day of Dec., 1997.

AGENT INFORMATION
(please print clearly)

JOHN
First Name MI

DILLER
Last Name

411 LAWN DALE DR
Mailing - Street Address

RICHARDSON TX 75080
City State Zip

972 783 4807
Business Phone

AGENT

[SIGNATURE ILLEGIBLE]
Signature

RUSHMORE

By: /s/ Christine E. Miller

SAME

Fax#

45506 5668

Social Security Number

/s/ Fritz Aldrene

Upline Managing General Agent

EXHIBIT 10.11

INDEMNIFICATION AGREEMENT

This Agreement, dated as of November __ 1997, is by and between Rushmore Financial Group, Inc., a Texas corporation (the "Company"), and D. M. (Rusty) Moore, Jr.("Indemnitee").

WITNESSETH:

WHEREAS, the Company desires to have qualified directors serving on its Board of Directors and executive officers, who are willing to make decisions that in their judgment are in the Company's best interest without any undue threat of personal liability;

WHEREAS, the Company's Articles of Incorporation ("Articles of Incorporation") and the Company's Bylaws ("Bylaws") require indemnification of each director or officer of the Company in his capacity as a director or officer and, if serving at the request of the Company as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, in each of those capacities, against any and all liability and reasonable expense that may be incurred by him in connection with or resulting from (a) any threatened, pending, or completed action, suit, or proceeding whether civil, criminal, administrative, arbitrative, or investigative (collectively, a "Proceeding"), (b) an appeal in such a Proceeding, or (c) any inquiry or investigation that could lead to such a Proceeding, to the fullest extent permitted by the Texas Business Corporation Act ("Act"), as the same exists or may be hereafter amended;

WHEREAS, the Company desires to grant to Indemnitee the maximum indemnification for any Loss (hereinafter defined) permitted by the Articles of Incorporation and Bylaws;

WHEREAS, developments with respect to the terms and availability of directors' and officers' liability insurance and with respect to the application, amendment, and enforcement of statutory, charter, and bylaw indemnification provisions generally have raised questions concerning the adequacy, and reliability of the protection afforded to persons intended to be protected thereunder; and

WHEREAS, in order to resolve such questions and thereby induce Indemnitee to serve or to continue serving, as a director and/or executive officer of the Company, the Company has agreed to enter into this Agreement with Indemnitee;

NOW, THEREFORE, in consideration of Indemnitee's consent to serve or

continuing to serve in the position of director and/or executive officer of the Company, the parties hereto agree as follows:

1 Indemnity of Indemnitee. The Company shall indemnify Indemnitee in his capacity as director, and/or officer of the Company, as the case may be, and, if serving at the request of the Company as a director, officer, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, trust partnership, joint venture, sole proprietorship, employee benefit plan, or other enterprise, in each of those capacities, against any and all liability and reasonable expense that may be incurred by Indemnitee in connection with or resulting from (a) any Proceeding, (b) an appeal in such a Proceeding, or (c) any inquiry or investigation that could lead to such a Proceeding, all to the fullest extent permitted by Article 2.02-1 of the Act.

2. Continuation of Indemnity. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is a director, or officer of the Company, shall be retroactive to the date Indemnitee first became a director, director nominee or officer covering all periods of service from time to time, and shall continue thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending, or completed Proceeding, any appeal in a Proceeding, and any inquiry or investigation that could lead to a Proceeding, by reason of the fact that Indemnitee was serving, or had consented to serve, in any capacity referred to herein.

3. Notification and Defense of Claim. Promptly after receipt by Indemnitee of notice of any claim against Indemnitee or the commencement of any Proceeding, Indemnitee will, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the assertion of any such claim or the commencement thereof; but the omission so to notify the Company will not relieve it from any liability under this Agreement unless such delay in notification actually prejudiced the Company (and then only to the extent the Company was actually prejudiced thereby) and in addition, the Company shall not be relieved from any liability which it may have to Indemnitee otherwise than under this Agreement. With respect to any such Proceeding as to which Indemnitee notifies the Company of the commencement thereof:

(a) The Company will be entitled to participate therein at its own expense.

(b) Except as otherwise provided below, to the extent that it may wish, the Company jointly with any other indemnifying party similarly notified will be entitled to assume the defense thereof and to employ counsel reasonably satisfactory to Indemnitee. After notice from the Company to the Indemnitee of its election so to assume the defense thereof, the Company shall not be liable to the Indemnitee under this

Agreement for any legal or other expenses subsequently incurred by the Indemnitee in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. The Indemnitee shall have the right to employ counsel of his own choosing in such Proceeding but the fees and expenses of such counsel incurred after notice from the Company of assumption by the Company of the defense thereof shall be at the expense of the Indemnitee unless (i) the employment of counsel by the Indemnitee has been specifically authorized by the Company, such authorization to be conclusively established by action by disinterested members of the Board though less than a quorum; (ii) representation by the same counsel of both the Indemnitee and the Company would, in the reasonable judgment of the Indemnitee and the Company, be inappropriate due to an actual or potential conflict of interest between the Company and the Indemnitee in the conduct of the defense of such Proceeding, such conflict of interest to be conclusively established by an opinion of counsel to the Company to such effect; (iii) the counsel employed by the Company and reasonably satisfactory to the Indemnitee has advised the Indemnitee in writing that such counsel's representation of the Indemnitee would likely involve such counsel in representing differing interests which could adversely affect the judgement or loyalty of such counsel to the Indemnitee, whether it be a conflicting, inconsistent, diverse or other interest; or (iv) the Company shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of counsel shall be paid, as provided herein, by the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which a conflict of interest has been established as provided in subsection (ii) hereof; and

(c) The Company shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any action or claim effected without its written consent. The Company shall not settle any action or claim in any manner which would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Company nor Indemnitee will unreasonably withhold their consent to any proposed settlement.

4. Advances of Expenses. Reasonable expenses (other than judgments, penalties, fines and settlements) incurred by Indemnitee that are subject to indemnification under this Agreement (and not paid, reimbursed or advanced by others) shall be paid or reimbursed by the Company in advance of the final disposition of the Proceeding within 30 days after the Company receives a written request by Indemnitee accompanied by substantiating documentation of such expenses, a written affirmation by Indemnitee of his good faith belief that he has met the standard of conduct necessary for indemnification under this Agreement, and a written undertaking by or on behalf of Indemnitee to repay the amount paid or reimbursed if it is ultimately determined that he has not met those standards or that such reasonable expenses do not constitute a Loss. The

written undertaking described above shall be an unlimited general obligation of Indemnitee and shall not be secured. Such undertaking shall be without reference to the financial ability of Indemnitee to make repayment.

5. Right of Indemnitee to Indemnification Upon Application: Procedure ----------

Upon Application. Upon the written request of Indemnitee to be indemnified ----------

pursuant to this Agreement (other than pursuant to Section 4 hereof), the Company shall cause the Reviewing Party (hereinafter defined) to determine, within 45 days, whether or not the Indemnitee has met the relevant standards for indemnification required by this Agreement. The termination of a Proceeding by judgment, order, settlement, or conviction, or on a plea of nolo contendere or its equivalent, shall not of itself create a presumption that Indemnitee did not meet the requirements for indemnification required by this Agreement. If a determination of indemnification is to be made by Independent Legal Counsel (hereinafter defined), such Independent Legal Counsel shall render its written opinion to the Company and Indemnitee as to what extent Indemnitee will be permitted to be indemnified. The Company shall pay the reasonable fees of Independent Legal Counsel and indemnify and hold harmless such Indemnitee against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to the engagement of Independent Legal Counsel pursuant hereto and the written opinion of such Independent Legal Counsel.

6. Definitions. The terms defined in this Section 6 shall, for purposes ----------

of this Agreement have the indicated meanings:

(a) "Loss" shall mean any and all judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable expense (including attorneys' fees) actually incurred by Indemnitee, after realization of or giving effect to all insurance, bonding, indemnification and other payments or recoveries actually received by or for the benefit of Indemnitee, directly or indirectly.

(b) "Reviewing Party" means, if a Change in Control (hereinafter defined) has not occurred (or if a Change in Control has occurred and such Change in Control has been approved by a majority of the Board of Directors of the Company who were directors of the Company immediately prior to such Change in Control), (i) a majority of a quorum of directors of the Company who at the time of voting upon a determination of indemnification are neither officers or employees of the Company or members of the immediate family of an officer or employee of the Company ("Interested Parties") nor parties to that particular Proceeding to which Indemnitee is seeking indemnification; or (ii) Independent Legal Counsel selected by a majority of a quorum of directors who at the time of selecting such Independent Legal Counsel are neither Interested Parties nor parties to that particular

Proceeding to which Indemnitee is seeking indemnification, or if such a quorum cannot be obtained, by a majority vote of a committee of the Board of Directors of the Company designated to select such Independent Legal Counsel by a majority vote of all directors of the Company, consisting solely of two or more directors who at the time of such selection are neither Interested Parties nor parties in that particular Proceeding to which Indemnitee is seeking indemnification, or if such a quorum cannot be obtained and such a committee cannot be established, by a majority vote of all directors of the Company. "Reviewing Party" means if a Change in Control has occurred, Independent Legal Counsel selected in the manner set forth in (ii) above.

(c) "Change in Control" shall mean an event which shall be deemed to have occurred if: (i) a merger or consolidation of the Company with or into another corporation occurs in which the Company shall not be the surviving corporation (for purposes of this definition, the Company shall not be deemed the surviving corporation in any such transaction if, as the result thereof, it becomes a wholly-owned subsidiary of another corporation); (ii) a dissolution of the Company occurs; (iii) a transfer of all or substantially all of the assets or shares of stock of the Company in one transaction or a series of related transactions to one or more other persons or entities occurs; (iv) if any "person" or "group" as those terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than Excluded Persons, becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities; or (v) during any period of two consecutive years commencing on or after January 1, 1998, individuals who at the beginning of the period constituted the Board cease for any reason to constitute at least a majority, unless the election of each director who was not a director at the beginning of the period has been approved in advance by directors representing at least two-thirds (2/3) of the directors then in office who were directors at the beginning of the period. The term "Excluded Persons" means each of Jim W. Clark, F. E. Mowery, D. M. Moore, Jr. and Mark S. Adler, and any person, entity, or group under the control of any of them, or a trustee or other fiduciary holding securities under an employee benefit plan of the Company.

(d) "Independent Legal Counsel" shall mean an attorney, selected in accordance with the provisions of Section 6(b) hereof, who shall not have otherwise performed services for Indemnitee, the Company, any person that controls the Company or any of the directors of the Company, within five years preceding the time of such selection (other

than in connection with seeking indemnification under this Agreement). Independent Legal Counsel shall not be any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of

interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement, nor shall Independent Legal Counsel be any person who has been sanctioned or censured for ethical violations of applicable standards of professional conduct.

7. Enforceability. The right to indemnification or advances as provided by this Agreement shall be enforceable by Indemnitee in any court of competent jurisdiction. The burden of proof that indemnification is not appropriate shall be on the Company. Neither the failure of the Company (including its Board of Directors or Independent Legal Counsel) to have made a determination prior to the commencement of such action that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including its Board of Directors or Independent Legal Counsel) that Indemnitee has not met such an applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

8. Partial Indemnity: Expenses. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the expenses, judgments, fines, and penalties, but not for the total amount thereof, the Company shall indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any or all Proceedings relating in whole or in part to an event subject to indemnification hereunder or in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified against expenses incurred for any Loss in connection with such Proceeding, issue or matter, as the case may be.

9. Repayment of Expenses. Indemnitee shall reimburse the Company for all reasonable expenses paid by the Company in defending any Proceeding against Indemnitee in the event and only to the extent that it shall be ultimately determined that Indemnitee is not entitled to be indemnified by the Company for such expenses under the provisions of this Agreement.

10. Consideration. The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on the Company hereby in order to induce Indemnitee to consent to serve, and/or to continue serving as a director, and acknowledges that Indemnitee is relying upon this Agreement in consenting to serve and serving in such capacity.

11. Indemnification Hereunder Not Exclusive. The indemnification and advancement of expenses provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may be entitled under any other agreement, vote of shareholders, as a matter of law, or otherwise.

12. Subrogation. If a payment is made under this Agreement, the Company shall be subrogated to the extent of such payment to all of the right of recovery of such Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights.

13. Severability. Each of the provisions of this Agreement is a separate and distinct agreement and independent of the others, so that if any provision thereof shall be held to be invalid or unenforceable for any reason such invalidity or unenforceability shall not affect the validity or enforceability of the other provisions hereto.

14. Notice. Any notice, consent, or other communication to be given under this Agreement by any party to any other party shall be in writing and shall be either (a) personally delivered, (b) mailed by registered or certified mail, postage prepaid with return receipt requested, (c) delivered by overnight express delivery service or same-day local courier service, or (d) delivered by telex or facsimile transmission to the address set forth beneath the signature of the parties below, or at such other address as may be designated by the parties from time to time in accordance with this Section. Notices delivered personally, by overnight express delivery service, or by local courier service shall be deemed given as of actual receipt. Mailed notices shall be deemed given three business days after mailing. Notices delivered by telex or facsimile transmission shall be deemed upon receipt by the sender of the answer back (in the case of a telex) or transmission confirmation (in the case of a facsimile transmission).

15. Governing Law: Binding Effect: Amendment and Termination: Reimbursement.

(a) This Agreement shall be interpreted and enforced in accordance with the laws of the State of Texas, without giving effect to Texas principles of conflicts of laws.

(b) This Agreement shall be binding upon Indemnitee and upon the Company, its successors, and assigns, and shall inure to the benefit of Indemnitee, his heirs, executors, administrators, personal representation, and assigns and to the benefit of the Company, its successors, and assigns.

(c) No amendment, modification, termination, or cancellation of this Agreement shall be effective unless in writing signed by both parties hereto.

(d) If Indemnitee is required to bring any action to enforce rights or to collect moneys due under this Agreement and is successful in such action, the Company shall reimburse Indemnitee for all of Indemnitee's reasonable fees and expenses in bringing and pursuing such action.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

RUSHMORE FINANCIAL GROUP, INC.

By: Jim W. Clark, Secretary

Name:
Its:

Address of Rushmore Financial Group, Inc.

13355 Noel Rd Ste 650
Dallas, TX 75240

Facsimile: 972-450-6001

/s/ D. M. Moore, Jr.

D. M. Moore, Jr., INDEMNITEE:

Address of Indemnitee:

_____

_____

Facsimile:

_____

EXHIBIT 10.12

OVERHEAD SERVICE AGREEMENT

THIS AGREEMENT ("Agreement") entered into between Rushmore Insurance Services, Inc., a Texas Corporation, and American Financial Freedom, a Texas Corporation, as follows:

WITNESSETH:

WHEREAS, American Financial Freedom has requested and Rushmore Insurance Services, Inc., has agreed to make available certain facilities and provide for performance of certain services for American Financial Freedom for consideration upon the terms and conditions herein set forth:

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, Rushmore Insurance Services, Inc., and American Financial Freedom agree as follows:

1. PERSONAL PROPERTY. At all times during the term of this Agreement, Rushmore Insurance Services, Inc., agrees to provide and make available for use by American Financial Freedom at the leased premises referred to in Section 3 hereof those certain desks, tables, chairs, typewriters, copying machines, dictating machines, and all other items of personal property required to conduct business on a daily basis (herein collectively called "Personal Property") Rushmore Insurance Services, Inc., agrees to undertake to perform and bear all costs relating to periodic maintenance and repairs for Personal Property in order that same shall at all times be in good operating condition and repair and suitable and adequate for the purpose intended. American Financial Freedom agrees to utilize the Personal Property in the proper manner and for the purpose intended, and promptly to notify Rushmore Insurance Services, Inc., of any defect or malfunction in which event Rushmore Insurance Services, Inc., agrees promptly to undertake to provide and diligently pursue effecting any needed repairs or replacement of the Personal Property.

2. STAFF. At all times during the term of this Agreement, Rushmore Insurance Services, Inc., shall provide American Financial Freedom personnel to perform services as receptionists, telephone answering, stenographic, secretarial, accounting and bookkeeping and such other support services as customarily are required in the conduct of business by American Financial Freedom may require.

3. OFFICE SPACE. At all times during the term of this Agreement, Rushmore Insurance Services, Inc., shall make available to American Financial Freedom by means of assignment, subletting or such other means as Rushmore Insurance Services, Inc., shall select, the leased premises commonly

designated as ("Premises") such utilization by American Financial Freedom to be upon and subject to the terms and conditions set forth in that certain Lease Agreement executed ("Lease") between Rushmore Insurance Services, Inc., and the therein stated Landlord, EXCEPT ONLY as such terms and conditions may be altered or amended by the terms and conditions of this Agreement. Rushmore Insurance Services, Inc., and American Financial Freedom further agree as follows:

A. Rushmore Insurance Services, Inc., agrees to be solely responsible for obligations of the lessee as set forth in the Lease with regard to repairs and maintenance of the Premises as may be necessary at any time or from time to time during the term of this Agreement, except only for any such repairs which may be due to the negligence or willful misconduct of American Financial Freedom or any of its partners, employees or agents.

B. Rushmore Insurance Services, Inc., and American Financial Freedom acknowledge and agree that, if required by the Lease, Rushmore Insurance Services, Inc., making the Premises available to American Financial Freedom as herein set forth shall be subject to, and require consent and approval of Landlord, and Rushmore Insurance Services, Inc., and American Financial Freedom covenant and agree promptly to request and to use their best efforts to obtain such consent (provided, however that such consent shall not be subject to any conditions or limitations imposed by Landlord not acceptable to Rushmore Insurance Services, Inc., or American Financial Freedom.

4. GENERAL AND ADMINISTRATIVE EXPENSES: Commencing on January 27, 1998, Rushmore Insurance Services, Inc., shall incur the following general and administrative expenses for the benefit of American Financial Freedom.
Rent
Payroll
Office Supplies
Equipment and Servicing and Maintenance
Postage
Depreciation on Furniture, Equipment & Capital Leases
Office Utilities
Other Miscellaneous Expenses

5. TERM: This Agreement shall be for a term of one year commencing on the effective date hereof and shall thereafter be automatically renew on a year-to-year basis unless and until terminated by Rushmore Insurance Services, Inc., or American Financial Freedom on written notice given not less than thirty (30) days prior to expiration of an annual term hereof.

6. COMPENSATION: American Freedom agrees to pay to Rushmore Insurance Service, Inc., as mutually agreed, on or before the 15th of each month, for the use of the Personal Property, services provided, general and administrative expenses incurred, and for the use and occupancy of the Premises, pursuant to Sections 1, 2, 3, and 4 as an overhead reimbursement expense. This amount may be increased to reflect Rushmore Insurance

Services, Inc., pro-rata share of all escalations in such rental or of the pass-through by Landlord of increases in utility costs, taxes, and like, all determined as provided in the Lease. Rushmore Insurance Services, Inc., and American Financial Freedom may re-determine giving due consideration to any expansion or adjustment of the service or any change in the Personal Property provided hereunder and to Rushmore Insurance Services, Inc., actual experience in fulfilling its obligations hereunder. This payment shall, unless otherwise expressly stated, be made in cash on the last day of December in each calendar year during the term of this Agreement. All past-due sums shall bear interest at 10% (ten percent) from due date until paid.

7. NOTICES: Any notices permitted or required under the terms of this Agreement shall be in writing and shall be deemed duly given if personally delivered or mailed, United States Mail, first class, certified or registered, return receipt requested, postage prepaid, addressed to their parties at their address as any party may hereafter communicate to the other by notice as hereafter communicate to the other by notice as herein provided.

8. MISCELLANEOUS: This represents the entire agreement between Rushmore Insurance Services, Inc., and American Financial Freedom regarding the subject matter hereof and supersedes all prior agreements and understandings between the parties. This Agreement may not be amended except by an instrument in writing executed by the party against whom any such amendment or modification is sought to be enforced. This Agreement shall be governed and construed in accordance with the laws of the State of Texas.

WITNESS THE EXECUTION of this Agreement January 27, 1998 and EFFECTIVE FOR ALL PURPOSES AS OF January 1, 1998.

American Financial Freedom	Rushmore Insurance Services, Inc.
by:/s/ William Barnett	by: /s/ G. A. BRUNOTT, JR.
President	President

EXHIBIT 10.13

NATIONAL MARKETING AGREEMENT

This NATIONAL MARKETING AGREEMENT, made and entered into as of the 15th day of December, 1997, by and between GREAT SOUTHERN LIFE INSURANCE COMPANY ("GSL"), a Texas stock life insurance corporation with principal offices at 500 N. Akard, Dallas, Texas 75201, RUSHMORE LIFE INSURANCE COMPANY, an Arizona re-insurance company ("Life Company"), and RUSHMORE INSURANCE SERVICES, INC., a Texas corporation and licensed insurance agency, and/or its assigns ("Marketing Company"), with its principal offices at One Galleria Tower, 13355 Noel Road, Suite 650, Dallas, Texas 75240.

W I T N E S S E T H

WHEREAS, Marketing Company has recruited and developed various contractual and business relationships with agents and agencies, as more specifically set forth and identified in Exhibit "A" which is attached hereto, to market insurance and other financial products and services by, through and for Marketing Company or its affiliates, and Marketing Company, through its agents, desires to market the life insurance products and services of GSL; and,

WHEREAS, GSL desires to increase its sale and issuance of life insurance products and services ("Insurance Business") and to maximize the persistency thereof through the sale of such products by affiliated agents of Marketing Company (hereinafter called "Agents"), and the reinsurance by GSL to Life Company of part of such Insurance Business, all in accordance with and subject to the following terms, conditions and provisions;

NOW, THEREFORE, in consideration of the premises and of the mutual promises of the parties hereto, and for other good and valuable consideration, paid by each to the other, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. GENERAL AGENTS. Marketing Company agrees to use reasonable efforts, to cause its Agents to become appointed to represent GSL, to the extent they have not previously done so, and each Agent, including persons or other entities recruited as Agents subsequent to the date hereof, shall likewise become appointed and enter into a General Agents' Compensation Agreement (herein so-called) in the form or similar form attached hereto as Exhibit "B" and incorporated herein, to solicit applications for Insurance Business; provided, however, that GSL shall not be obligated to enter into a General Agents' Compensation Agreement with any given Agent unless such Agent meets the reasonable appointment criteria for general agents applied by GSL in the ordinary course of it's business. Such Agents are hereinafter individually

referred to as "General Agent" and collectively referred to as "General Agents".

2. REINSURANCE. Simultaneously with the execution of this Marketing Agreement, GSL and Life Company shall enter into a reinsurance agreement on a modified coinsurance basis, ("Modified Coinsurance Agreement") attached hereto as Exhibit "C" and incorporated herein. Under the Modified Coinsurance Agreement GSL will cede and Life Company will reinsure, on a quota share basis, certain percentages of the Insurance Business produced by General Agents as more specifically set forth in Exhibit "C" hereto. Life Company shall, upon the execution of these Agreements referred to herein, place a deposit with GSL in the amount of $25,000.00 which shall accrue interest at GSL's average crediting rate. Such deposit, together with interest thereon, shall be refunded upon the attainment of the first two years cumulative production goals referred to in paragraph 3 of this Agreement or in the event this agreement is terminated in accordance with sub-paragraph 7 (a) (iv)

herein. If this Agreement is terminated for lack of production within the first two years of this Agreement or terminated in accordance with subparagraph 7 (a) (iii) herein then Life Company will forfeit and GSL will retain such deposit.

3. PRODUCTION GOALS. Marketing Company agrees to use reasonable efforts to cause General Agents to solicit applications for Insurance Business to be issued by GSL for not less than the following aggregate cumulative First Year Premiums ("Cumulative Production Goals") on or before the following Target Dates (herein so-called):

<TABLE>
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TARGET DATES	CUMULATIVE PRODUCTION GOALS
<S>	<C>
December 31, 1998	$ 2,000,000
December 31, 1999	$ 5,000,000
December 31, 2000	$ 8,000,000
December 31, 2001	$11,500,000
December 31, 2002	$15,000,000

</TABLE>

For the purposes of this Agreement, the term "First-Year Premiums" shall mean the aggregate life insurance premiums payable during the first year a policy or contract of insurance is in effect, exclusive of lump-sum cash deposits in excess of published premium rates, and/or premiums for flexible premium life insurance contracts in excess of control or target premiums. All First-Year Premiums associated with any application for Insurance Business submitted by a General Agent to GSL shall be counted in full unless and until such application is rejected by GSL. All First-Year Premiums associated with

any rejected application shall cease to be counted as of the date of such rejection.

Insurance policies and contracts which have been issued by GSL prior to the date hereof as a result of applications for Insurance Business solicited by General Agents shall be deemed to have been issued subsequent to the date hereof but prior to December 31, 1998, for the purpose of calculating the aggregate Cumulative First Year Premiums for the year ending December 31, 1998.

4. COMPENSATION. In addition to the payments of commissions in accordance with GSL's published General Agents commission schedule, GSL agrees to pay Marketing Company a commission or Internal Marketing Allowance ("IMA") of 6% on all paid premiums collected within specified control premium plus an additional 1% IMA Bonus commission payable upon the attainment of $5,000,000 of annualized paid production in any calendar year. GSL also agrees to pay Marketing Company the Production Incentive Bonus and Accumulation Account Bonus or other bonuses at the maximum level. All applicable bonuses, renewals or commissions due to Marketing Company under this or any modification of this Agreement are to be considered immediately vested and shall survive the termination of this agreement.

5. EXCLUSIVE PRODUCTS. It is understood and agreed that "ULTRAFLEX", "Family Income Benefit Plan" and any other trade names, plans or concepts developed previously or in the future by Marketing Company are proprietary and the property of Marketing Company.

6. RELEASE AND RE-APPOINTMENT. GSL understands and agrees that Marketing Company has a prior and superior interest in its Agents and/or General Agents. Further, it is agreed that GSL or any affiliated company of GSL, as long as this agreement is in force, will not permit any Agent or General Agent of Marketing Company to become appointed or re-appointed to represent GSL or any affiliated company of GSL until such time as Agent or General Agent has obtained a written release from Marketing Company or has been terminated from both Marketing Company and GSL for at least one (1) year. GSL further agrees that it will not code, recode, terminate, promote, demote or re-assign any Agent or General Agent without the consent of Marketing Company and Marketing Company agrees that its consent will not be unreasonably withheld.

7. TERMINATION. For the purpose of this Agreement, the term "Completion Date" shall mean (i) December 31, 2002, or (ii) the date by which GSL has issued Insurance Business as a result

of applications solicited by General Agents with aggregate cumulative First-Year Premiums in the amount of $15,000,000, whichever occurs first.

(a) PRIOR TO COMPLETION DATE. This Agreement may not be terminated prior to the Completion Date, except:

(i) By the mutual consent of the parties hereto; or

(ii) By GSL if Marketing Company fails to meet at least 50% of the Cumulative Production Goals set forth herein by their respective Target Dates, and then only upon six (6) months prior written notice by GSL to Marketing Company and Life Company; or

(iii) By GSL in the event of a material breach on the part of Marketing Company Life Company or any General Agent of this Agreement or the Modified Coinsurance Agreement between GSL and Life Company or any General Agents' Compensation Agreement and such breach is not cured or eliminated within thirty (30) days after receipt of written notice thereof to Marketing Company and Life Company from GSL; or

(iv) By Marketing Company and Life Company in the event of a material breach on the part of GSL of this Agreement, the Modified Coinsurance Agreement or any General Agents' Compensation Agreement and such breach is not cured or eliminated within thirty (30) days after receipt of written notice thereof to GSL from Marketing Company and Life Company.

(b) AFTER COMPLETION DATE. This Agreement may not be terminated any time after the Completion Date except:

(i) By the mutual consent of the parties hereto; or

(ii) By GSL ninety (90) days after receipt of written notice thereof to Marketing Company and Life Company from GSL; or

(iii) By Marketing Company and Life Company upon ninety (90) days' written notice to GSL.

8. RECAPTURE OF REINSURED BUSINESS. If this Agreement is terminated within the first two years of this agreement, except as provided in sub-paragraph 7(a)(iv) above, GSL shall have the right, upon six months prior written notice to Marketing Company and Life Company, to recapture all of the Insurance Business ceded by GSL to Life Company under the Modified Coinsurance Agreement.

9. RIGHT OF FIRST REFUSAL. In the event that Life Company receives an Offer (herein so-called) from an unaffiliated party ("Offeror") to purchase or to reinsure all or part of the Insurance Business previously assumed and reinsured by Life Company from GSL, before Offerees accept such Offer they shall deliver a copy of the Offer to GSL. During the sixty (60) day period following such delivery, GSL shall have a right of first refusal for either GSL or any of its affiliates to elect to reinsure or acquire such Insurance Business, on the same terms and conditions contained in such Offer. Upon the earlier of (i) the delivery by GSL to Life Company of written notification of its intent not to exercise such right of first refusal, or (ii) the expiration of such sixty (60) day period without receipt by Life Company from GSL of written notice of its intent not to exercise such right of first refusal, Life Company shall have the right to accept the Offer.

If GSL elects to exercise such right of first refusal but fails to consummate the purchase within ninety (90) days after receipt by Life Company of GSL's written notice of exercise, and if such failure is for any reason other than the refusal of Life Company to consummate the transaction in accordance with the terms of the offer or the failure of GSL despite diligent efforts, to obtain all necessary regulatory approval, GSL's right of first refusal shall terminate completely and permanently. If, despite diligent efforts, GSL fails to obtain all necessary regulatory approvals within

the ninety (90) day period specified above, the right of first refusal shall terminate on the earliest of (1) the date on which the receipt of regulatory approvals is no longer possible or regulatory disapproval is announced, (2) the date thirty days after the date on which regulatory approval is granted if the purchase remains unconsummated (unless Life Company has refused to consummate the transaction in accordance with the terms of the Offer), or (3) the date on which GSL ceases to make diligent efforts to obtain all necessary regulatory approvals. Such ninety (90) day period may be extended by mutual consent of GSL and Life Company.

10. ASSIGNMENTS. This Agreement shall be binding on the parties hereto and their respective successors and permitted assigns, but no party may assign this Agreement without the prior written consent of the other parties.

11. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

12. SECTION HEADINGS. The headings set forth herein are for reference purposes only and shall not in any way affect the meaning or interpretation of

this Agreement.

13. WAIVER. No delay or omission by any party hereto to exercise any right or power arising upon any noncompliance or default by any other party with respect to any of the terms of this Agreement shall impair any such right or power or be construed as a waiver thereof. A waiver by any of the parties hereto of the fulfillment of any of the covenants, conditions or agreements to be performed by any other shall not be construed to be a waiver of any succeeding breach thereof or of any other covenant, condition or agreement herein contained. All remedies provided for in this Agreement shall be cumulative in addition to, and not in lieu of, any other remedies available to any party at law, in equity or otherwise.

14. AMENDMENTS. This Agreement may not be amended, nor shall any waiver, change, modification, consent or discharge be effected, except by an instrument in writing duly executed by the parties hereto or their respective successors or permitted assigns.

15. ARBITRATION. Any disagreement that should arise between the parties regarding the rights or liabilities of the parties under any transaction pursuant to this Agreement shall be referred to binding arbitration in Dallas, Texas. One arbitrator is to be chosen by GSL and one by Life Company and Marketing Company from among officers of other life insurance companies, who are familiar with reinsurance transactions. A third arbitrator shall be chosen by the said arbitrators before entering into arbitration. An arbitrator may not be a present or former officer, attorney, or consultant of the parties or their affiliates. If the arbitrators appointed by the parties cannot agree on a third person, then either party may apply to the President of the American Life Insurance Association for appointment of a third arbitrator. The arbitrators' decision will be final and binding upon both parties. All expenses and fees of the arbitrators will be borne equally by the parties, unless the arbitrators decide otherwise.

16. NOTICES. Any notices required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given if delivered, telecopied, or mailed by certified mail return receipt requested to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to GSL:

Mr. Gary Muller
President
Great Southern Life Insurance Co.
500 North Akard
Suite 1100

Dallas, TX 75201

If to Life Company or Marketing Company: D. M. (Rusty) Moore, Jr.

President
Rushmore Financial Group, Inc.
One Galleria Tower
13355 Noel Road, Suite 650
Dallas, TX 75240

All notices and other communications required or permitted hereunder that are addressed as provided in this Section 17 will, if delivered personally or by mail in the manner described above, be deemed given upon receipt, and will if delivered by telecopy, be deemed delivered when confirmed.

17. APPROVALS, CONSENTS, ETC. In any instance where agreement, approval acceptance or consent of any parties is required by any provision of this Agreement, such action shall not be unreasonably delayed or withheld.

18. GOVERNING LAW. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and delivered by their officers thereunto duly authorized, all as of the date first hereinabove written.

ATTEST: GREAT SOUTHERN LIFE INSURANCE CO.

/s/ David Hill

Secretary

By: /s/ Gary Muller

Senior Vice President

ATTEST: RUSHMORE LIFE INSURANCE CO.

/s/ Jim W. Clark

Secretary

By: /s/ D. M. Moore, Jr.

Chairman & CEO

ATTEST:

RUSHMORE INSURANCE SERVICES, INC.

/s/ Jim W. Clark

Secretary

By: /s/ D. M. Moore, Jr

Chairman & CEO

EXHIBIT 23.2

January 28, 1998

Rushmore Financial Group, Inc.
13355 Noel Road, Suite 650
Dallas, Texas 75240

Gentlemen:

We hereby consent to the inclusion of our report dated October 10, 1997 covering the consolidated financial statements of Rushmore Financial Group, Inc. as of December 31, 1996 and for the two years then ended and our review report dated November 25, 1997 covering the consolidated financial statements of Rushmore Financial Group, Inc. as of September 30, 1997 and for the nine months ended September 30, 1996 and 1997 into the Form SB-2 registration statement covering up to 1,250,000 shares of common stock.

/s/ Cheshier & Fuller
Cheshier & Fuller, LLP

EXHIBIT 23.3

CONSENT OF INDEPENDENT AUDITOR

We consent to the inclusion in this registration statement on Form SB-2 (File No. 333-42225) of Rushmore Financial Group, Inc. of our report dated November 20, 1997, on our audits of the consolidated financial statements of First Financial Life Companies, Inc. as of December 31, 1996 and for each of the two years in the period then ended. We also consent to the references to our firm under the caption "Experts".

/s/ Coopers & Lybrand L.L.P.

Coopers & Lybrand L.L.P.

Indianapolis, Indiana
January 28, 1998

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THIS AMENDED EXHIBIT 27.1 SHOULD BE CONSIDERED AS APPENDIX D TO ITEM 601(c) OF REGULATION S-B BROKER DEALER HOLDING COMPANIES FOR THE PERIOD SEPTEMBER 30, 1997 AND FOR THE NINE MONTHS THEN ENDED.
</LEGEND>

<S>	<C>
<PERIOD-TYPE>	9-MOS
<FISCAL-YEAR-END>	DEC-31-1996
<PERIOD-END>	SEP-30-1997
<CASH>	131,652
<RECEIVABLES>	46,432
<SECURITIES-RESALE>	0
<SECURITIES-BORROWED>	0
<INSTRUMENTS-OWNED>	0
<PP&E>	0
<TOTAL-ASSETS>	195,707
<SHORT-TERM>	0
<PAYABLES>	89,533
<REPOS-SOLD>	0
<SECURITIES-LOANED>	0
<INSTRUMENTS-SOLD>	0
<LONG-TERM>	0
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	0
<OTHER-SE>	0
<TOTAL-LIABILITY-AND-EQUITY>	195,707
<TRADING-REVENUE>	0
<INTEREST-DIVIDENDS>	0
<COMMISSIONS>	1,620,543
<INVESTMENT-BANKING-REVENUES>	0
<FEE-REVENUE>	103,292
<INTEREST-EXPENSE>	0
<COMPENSATION>	1,680,721
<INCOME-PRETAX>	10,908
<INCOME-PRE-EXTRAORDINARY>	(10,908)
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(15,241)
<EPS-PRIMARY>	(.01)
<EPS-DILUTED>	0

</TABLE>

<TABLE> <S> <C>

<ARTICLE> CT
<LEGEND>
THIS AMENDED EXHIBIT 27.1 SHOULD BE CONSIDERED AS APPENDIX F TO ITEM 601(c) OF REGULATIONS S-B CONSOLIDATED TOTALS FOR REGISTRANTS FILING MULTIPLE FINANCIAL DATA SCHEDULE FOR THE PERIOD SEPTEMBER 30, 1997 AND FOR THE NINE MONTHS THEN ENDED.
</LEGEND>

<S>	<C>
<PERIOD-TYPE>	9-MOS
<FISCAL-YEAR-END>	DEC-31-1996
<PERIOD-END>	SEP-30-1997
<TOTAL-ASSETS>	35,681,066
<PREFERRED-MANDATORY>	0
<PREFERRED>	180,920
<COMMON>	20,055
<OTHER-SE>	1,203,737
<TOTAL-LIABILITY-AND-EQUITY>	35,681,066
<TOTAL-REVENUES>	4,980,984
<INCOME-TAX>	167
<INCOME-CONTINUING>	(5,174)
<DISCONTINUED>	(25,992)
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(43,545)
<EPS-PRIMARY>	(.03)
<EPS-DILUTED>	0

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