BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of,

DEREK M. ANDERSON,	ORDER TO CEASE AND DESIST INCLUDING DISGORGEMENT AND CIVIL PENALTIES
Respondent.	DFI Case No. S-236002 (EX)

I.

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities ("Division"), having legal authority and jurisdiction to administer and enforce the Wisconsin Uniform Securities Law, Wis. Stats. Ch. 551 ("Ch. 551") and rules and orders promulgated thereunder, and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order as follows:

II.

Division staff have presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

A. Findings of Fact

Respondent

1. DEREK M. ANDERSON ("Anderson") (CRD# 5136230) is an adult male resident of Wisconsin with a last known address of 9246 N. Clear Lake Road, Milton, Wisconsin 53563.

Conduct

2. Anderson has not been registered with the Division in any capacity since March 8, 2011.

3. On or about May 15, 2015, the Division issued a summary order for DFI Case No. S-230672 (EX) against Anderson for violations of Ch. 551 involving the sale of fractionalized life settlement interests, including violations of Wis. Stat. §§ 551.501(2), 551.503(3), 551.402, 551.403, and 551.502 (referenced herein as "Conestoga Order"). A true and accurate copy of the summary order is attached as Exhibit A.

4. On or about June 15, 2015, Anderson timely petitioned for a hearing on the Conestoga Order. A hearing officer was appointed on or about June 30, 2015 to preside over the hearing.

5. On or about September 27, 2016, the hearing officer entered a final order against Anderson regarding the Conestoga Order. The final order adopted the findings of fact and conclusions of law of the Division's May 15, 2015 summary order, including orders for Anderson to cease and desist from selling any securities in Wisconsin unless such securities were registered under Ch. 551 or successor statute, revoking exemptions from registration under Ch. 551, for Anderson to disgorge all commissions received as the result of selling Conestoga fractionalized life settlement interests to Wisconsin investors, and ordered Anderson to pay a civil penalty of $10,000.00 to the Division. A true and accurate copy of the final order is attached as Exhibit B.

6. Anderson did not petition for judicial review of the final order.

7. Woodbridge Mortgage Investment Fund 3A, LLC ("Woodbridge") is a limited liability company organized in Delaware in or about 2015. Woodbridge has a last known address of 14225 Ventura Boulevard, Suite 100 in Sherman Oaks, California 91423.

8. Texas International Energy Production, Inc. ("TIEP") is a corporation incorporated in the State of Texas on or about July 31, 2015. TIEP has a last known address of 209 W. 2nd Street #387, Fort Worth, Texas 76102.

9. Investor AL is an adult female resident of Monroe, Wisconsin born in December 1936.

10. On or about June 3, 2016, Anderson came to Investor AL's home and solicited her to invest in Woodbridge.

11. Around the same time, Anderson provided Investor AL with his business card in connection with the solicitation of an investment into Woodbridge, which identified him as the "Principle" of his business "Capital Growth & Protection." The card also represented that Anderson possessed several professional designations, including registered investment adviser ("RIA"), certified public accountant ("CPA"), and attorney ("ATTNY").

12. In fact, Anderson has never been registered as a registered investment adviser.

13. In fact, Anderson has never been licensed as a certified public accountant.

14. In fact, Anderson has never been admitted to the State Bar of Wisconsin as an attorney. Upon information and belief, Anderson has never attended any accredited law school.

15. Between June 3, 2016 and November 2, 2016, Investor AL invested approximately $100,000 through Anderson into promissory notes issued by Woodbridge.

16. As the result of Investor AL's investments into Woodbridge, Anderson received approximately $4,916.67 in commission payments between June 20, 2016 and January 5, 2017 from Woodbridge.

17. After Investor AL invested in Woodbridge through Anderson, Anderson discussed the prospect of investing in TIEP with Investor AL.

18. On or about August 28, 2017, Investor AL invested approximately $60,000 through Anderson into oil and gas working and net revenue interests issued by TIEP.

19. As the result of Investor AL's August 28, 2017 investment in TIEP, Anderson received approximately $3,000 in compensation.

20. At no time did Anderson inform Investor AL that he was the subject of a final order by the Division which prohibited him offering and selling unregistered securities and revoking all exemptions from registration under Ch. 551 as the result of his misrepresentations and omissions of material facts in connection with his sales of Conestoga life settlement interests.

B. Conclusions of Law

Legal Authority and Jurisdiction

21. The Administrator has legal authority and jurisdiction over the conduct described above, pursuant to Ch. 551 and the rules and orders promulgated thereunder.

22. Pursuant to Wis. Stat. § 551.102(28), the promissory notes issued by Woodbridge are securities.

23. Pursuant to Wis. Stat. § 551.102(28), the interest in oil and gas rights issued by TIEP are securities.

24. Pursuant to Wis. Stat. § 551.501(2), it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly, to make any untrue statement of a material fact or to omit to state material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

Violations

25. Through the conduct described above in ¶¶ 10 - 20, Anderson violated the final order issued under Ch. 551 on September 27, 2016.

26. Through the conduct described above in ¶¶ 10 - 20, Anderson violated Wis. Stat. § 551.501(2) when, in connection with the offer and sale of securities, he made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

III.

In view of the above findings of fact and conclusions of law, the Administrator deems it necessary and appropriate in the public interest and for the protection of investors, and pursuant to its legal authority and jurisdiction under Ch. 551, to wit Wis. Stat. § 551.604, to issue the following orders and notices:

A. Summary Orders issued pursuant to Wis. Stat. § 551.604(2)

(a) IT IS ORDERED that ANDERSON, his agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of the RESPONDENT, shall cease and desist from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Ch. 551 or successor statute, pursuant to Wis. Stats. §§ 551.604(1)(a) and (2).

(b) IT IS FURTHER ORDERED that all exemptions from registration set forth in Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by ANDERSON, his agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of ANDERSON, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(b) and (2).

(c) IT IS FURTHER ORDERED that ANDERSON, his successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of ANDERSON are prohibited from violating Wis. Stat. § 551.501 or successor statute.

(d) PLEASE TAKE NOTICE that the summary orders of the Administrator are effective as of the date of issuance of this order, pursuant to Wis. Stat. § 551.604(2). You are advised that any willful violation of an Order issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

B. Proposed Orders

(e) IT IS PROPOSED that an order be issued against ANDERSON to disgorge any and all commissions, profits, or other monies received as compensation for making offers and/or sales of securities issued by Woodbridge to Wisconsin residents, with interest on such amount at the legal rate under Wis. Stat. § 138.04, starting from the date of each sale to Investor AL through the date of satisfaction, pursuant to Wis. Stat. § 551.604(4m).

(f) IT IS FURTHER PROPOSED that an order be issued imposing a civil penalty on ANDERSON in the form of an administrative assessment totaling $30,000.00 for the many violations committed against Investor AL, a Wisconsin resident who was over the age of 65 at the times the violations took place, pursuant to Wis. Stat. § 551.604(4). Such payment shall be made payable to the Wisconsin Department of Financial Institutions and shall be remitted to the Division no later than 30 calendar days from the date of issuance of this Order, or if a petition for a hearing is filed as provided under Wis. Stat. § 551.604(2), by a date to be fixed by a final order.

C. Service of Order

(g) IT IS FURTHER ORDERED that this order shall be sent promptly by certified mail to each party named in the order at his or her last known address or to the party's attorney of record, or shall be personally served upon the party or the party's attorney of record, pursuant to Wis. Admin. Code § DFI-Sec 8.06. This order shall also be served upon the office of the administrator pursuant to Wis. Stat. § 551.611.

(h) PLEASE TAKE NOTICE that the date of the service of this order is the date it is placed in the mail.

D. Notice of Hearing Rights

(i) PLEASE TAKE NOTICE that you have the right to request a hearing. Every request for a hearing shall be in the form of a petition with the Division, pursuant to Wis. Admin. Code DFI-Sec. 8.01. A petition for a hearing to review the order shall:

(1) Plainly admit or deny each specific allegation, finding or conclusion in the order and incorporated papers. However, if the petitioner lacks sufficient knowledge or information to permit such an admission or denial, the petition shall so state, and that statement shall have the effect of a denial; and

(2) State all affirmative defenses. Affirmative defenses not raised in the request for hearing may be deemed waived.

(j) PLEASE TAKE FURTHER NOTICE that, within 15 days after receipt of a request in a record from you, the matter will be scheduled for a hearing or other public administrative proceedings, pursuant to Wis. Stats. §§ 551.604(2) and (3).

(k) PLEASE TAKE FURTHER NOTICE that if you do not request a hearing and none is ordered by the Administrator within 30 days after the date of service of this order, the findings of fact, conclusions of law, and summary and proposed orders, including the imposition of civil penalty or requirement for payment of restitution, disgorgement, interest, or the costs of investigation sought in a statement in the order, become final as by operation of law, pursuant to Wis. Stat. § 551.604(2).

EXECUTED at Madison, Wisconsin this 14th day of August, 2018.

Leslie M. Van Buskirk

Leslie M. Van Buskirk
Administrator

Division of Securities
State of Wisconsin Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705

Exhibit A

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of JACE T. MCDONALD, PETER P. VIATER, and DEREK M. ANDERSON, Respondents.	ORDER TO CEASE AND DESIST INCLUDING DISGORGEMENT AND CIVIL PENALTIES (SUMMARY) File No. S-230672 (EX)

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities ("the Division"), having authority to administer and provide for enforcement of the Wisconsin Uniform Securities Law, Wis. Stats. Chapter 551, ("WUSL"), and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order directing Respondents to immediately Cease and Desist from violating the WUSL, and ordering disgorgement and civil penalties.

The staff of the Bureau of Enforcement has presented sufficient grounds to support the following findings of fact and conclusions of law:

RESPONDENTS

1. Jace T. McDonald ("McDonald") is an adult born in November, 1971, who at all material times has acted as an agent for the Conestoga entities, with a last known address of 211 East June Street, Adams, Wisconsin 53910-9304.

2. Peter P. Viater ("Viater") is an adult born in May, 1951, who at all material times has acted as an agent for the Conestoga entities, with a last known address of 60946 Viater Road, Ashland, Wisconsin 54806.

3. Derek M. Anderson ("Anderson") (CRD # 5136230) is an adult born in July, 1967, who at all material times has acted as an agent for the Conestoga entities, with a last known address of 9246 N. Clear Lake Road, Milton, Wisconsin 53563.

RELATED ENTITIES

4. Conestoga Settlement Services LLC is a Delaware limited liability company organized on May 20, 2010 which is the organizing entity and initial trustor of Conestoga Trust, a Delaware statutory trust which owns the life insurance policies in which fractional interests are sold by agents of Conestoga Settlement Services. Its last known business address is 1201 North Orange Street, Suite 600, Wilmington, Delaware 19801-1171.

5. Conestoga International LLC is a business entity organized in San Juan, Puerto Rico on May 21, 2011, which is the successor in interest to Conestoga Settlement Services LLC and the current trustor for the Conestoga Trust for all investments after July 16, 2011. Its last known business address is 4007 Killion Drive, Dallas, Texas 75229-6226.

6. Conestoga Trust Services LLC is a Delaware limited liability company organized on December 21, 2011, whose sole member is Conestoga Member Services LLC. It is the

Trustee of the Conestoga Trust, and its last known business address is 1201 North Orange Street, Suite 600, Wilmington, Delaware 19801-1155.

7. Conestoga Member Services LLC is a Wyoming limited liability company organized on February 21, 2012, whose sole member is the law firm of DeLeon & Washburn, PC, whose last known business address is 901 South Mopac Expressway, Barton Oaks Suite 230, Austin, Texas 78746.

8. The Conestoga entities described in ¶¶ 4-7 will be referred to collectively as "Conestoga." The Conestoga entities were all controlled by Michael McDermott, who resides in Puerto Rico and Texas.

FINDINGS OF FACT

1. Conestoga entered into Independent Contractor Agreements with approximately 57 Wisconsin Independent Contractor Agents ("Agents"), including McDonald, Viater, and Anderson, all of whom agreed to "market the products and services of Conestoga" and to refer ***all*** suitable clients for Conestoga's products and services."

2. During the period of late 2010 through March, 2015, Conestoga Agents offered and sold fractional interests in the benefits payable under life insurance policies ("life settlements")[1] totaling at least $9 million to numerous Wisconsin residents.

3. Conestoga agents, including Respondents, were compensated for the sales of Conestoga life settlement interests with commissions based upon a certain percentage of the price paid by the investors for the purchase of their life settlement interests.

4. In August 2014, Conestoga agents, including McDonald, gave a sales presentation to potential investors and agents, wherein McDonald made misrepresentations of fact and misleading statements about the life settlement securities, including that:

    a. Life settlement products "mature like a bank CD";

    b. Return of principal and return are "contractually obligated" to be paid;

    c. Life settlements offer a "guarantee payout that you know";

    d. Life settlements offer a "safe gain on your funds."

5. In fact, the statements made by McDonald at the presentation were contrary to the risk disclosures contained in Conestoga's own offering materials, including a private placement memorandum, which explicitly stated that:

    a. The life settlement is a "HIGHLY SPECULATIVE INVESTMENT. IT IS DESIGNED FOR SOPHISTICATED INVESTORS WHO ARE ABLE TO

[1] A life settlement is a transaction in which an owner of a life insurance policy (frequently the insured) sells his/her life insurance policy to a third party for more than the policy's cash surrender value but less than the policy's face value (or net death benefit). After a life insurance policy has been sold in a life settlement transaction, the buyer can divide the future benefits payable under the policy into fractions and sell these fractional interests to others. These fractional interests in the future benefits payable under a life insurance policy, upon the death of the underlying insured, are referred to as life settlement interests.

BEAR THE ECONOMIC RISK OF THE LOSS OF THEIR INVESTMENT IN THE LIFE SETTLEMENT INTEREST AND IS NOT INTENDED AS A COMPLETE INVESTMENT PROGRAM." (emphasis in original);

b. There "is no annual 'rate of return' on a life settlement transaction";

c. There are no guarantees of any potential rate of return;

d. The investment is not liquid;

e. There is uncertainty regarding the insured's life expectancy; and

f. The policies could lapse if premiums go unpaid.

6. Based on the information obtained from that presentation, the Division opened an investigation of whether the sales of Conestoga life settlements in Wisconsin complied with the requirements of Wis. Stats. Chapter 551, the Wisconsin Uniform Securities Law.

7. On or about March 19, 2015, Conestoga voluntarily agreed to cease the offer and sale of Conestoga life settlement investments to Wisconsin residents pending the resolution of the Division's investigation.

8. On or about March 20, 2015, Conestoga notified all of its Agents in Wisconsin that "Conestoga has made a management decision to temporarily suspend its sales activities in Wisconsin. According, Conestoga will not be accepting any participant applications from Wisconsin residents until further notice."

9. Despite having received notice from Conestoga that Conestoga was suspending its sales activities in Wisconsin, McDonald and Viater continued with efforts to solicit investors to purchase Conestoga life settlement securities, including by hosting a dinner meeting for potential agents and investors in Benoit, Wisconsin on March 26, 2015.

ALLEGATIONS AGAINST MCDONALD

10. While acting as Agent for Conestoga, McDonald sold life settlement interests to at least 51 Wisconsin investors, with at least $5.9 million in funds collected from investors.

11. Despite direction from Conestoga that life settlements should only be offered and sold to Wisconsin investors who met the criteria for accredited investors, McDonald offered and sold the life settlement interests to unaccredited investors.

12. Despite direction from Conestoga that investors should not be generally solicited, including over the radio, over the internet or at live presentations to the general public, McDonald held frequent presentations to the public, appeared on at least one radio spot where he invited investors to attend a sales presentation, and gave sales pitches for Conestoga life settlements using YouTube videos on the internet.

13. Upon information and belief, Conestoga instructed its Agents, including McDonald, that they could only use Conestoga-approved materials for marketing the life settlement

interests to investors. Despite that instruction, McDonald disseminated other marketing materials to investors and/or potential investors that were not approved by Conestoga and that contained numerous misstatements and/or omissions of material facts concerning life settlement investments, including:

a. "On the risk continuum, Life Settlements offer the equivalent safety somewhere between money markets and investment grade bonds";

b. Life settlement investments "should be the FOUNDATION of every investor's portfolio;

c. "Unlike the securities markets, decisions to exit or reinvest in Life Settlements are never predicated on speculation or mere conjecture";

d. "Life Settlements are the ultimate AUTO PILOT INVESTMENT."

e. "THE UNDERLYING ASSET IS INVESTMENT GRADE LIFE INSURANCE";

f. "A UNIQUE SAFE CONTRACTUAL GROWTH OPTION" WITH "NO Market Rollercoaster / Risk!";

g. "No downside Risk (similar to a zero coupon bond)";

h. "The Return of their Principal and Return on their Principal are contractual obligations of highly rated insurance companies and not subject to any market or economic considerations";

14. While acting as an Agent for Conestoga, McDonald directed Wisconsin investors to execute a limited Power of Attorney ("POA") naming McDonald as the investors' agent and attorney-in-fact to act for and on behalf of the investor as if he were the investor, to review, evaluate and direct Conestoga regarding the acquisition of life settlements, and the POA further stated that, by granting power to the agent to exercise discretion in instructing Conestoga, the investor does so at his own risk, and that the investor understands that the agent is not an agent, employee, partner, affiliate or representative of Conestoga, and that Conestoga is not responsible for any loss or damages resulting from the actions or advice of the agent.

15. The POA utilized by McDonald was false and misleading, as he was at all times an agent and representative of Conestoga.

16. Under the POA executed by investors, McDonald was an agent and fiduciary for the investors and was prohibited under Wisconsin law from self-dealing or otherwise utilizing investor funds for McDonald's own benefit. However, McDonald falsely informed investors that he was not Conestoga's agent and McDonald did not disclose his

conflict of interest or the fact that he would receive a commission from the sale of the life settlement investment between 9 and 14 percent of the investor's purchase price.

17. McDonald also instructed investors to name him as their authorized agent in their account applications with the investors' Individual Retirement Account (IRA) custodian, whereby McDonald was granted full authority to buy, sell, and/or re-invest any asset within the investors' IRA account, including but not limited to the Conestoga life settlement interests.

18. McDonald solicited one unaccredited investor who suffered from mental and/or physical disabilities and persuaded that investor to purchase a $160,000 interest in the Conestoga life settlement securities, despite McDonald's knowledge that the disabled investor needed those funds to cover his daily living expenses for years into the future.

19. McDonald made other material and misleading representations to investors and omitted to disclose material information which would make the information he had presented not misleading under the circumstances, including but not limited to:

    a. Representing to at least one investor that they were guaranteed not to lose their principal;

    b. Representing life settlements to have "Consistent growth that is predictable" at "11 percent";

    c. Representing life settlements to have produced historical double digit returns; and

    d. Representing life settlements to have no downside risk.

20. McDonald also created phony, meaningless titles for himself to create an air of legitimacy and expertise to deceive investors into believing that he was more experienced, sophisticated, and legitimate than he really was. McDonald referred to himself as:

    a. a "Trust Advisor",

    b. a "Safe Money Millionaire Advisor", and

    c. a "professional financial advisor (a) who is not directly or indirectly affiliated with Conestoga Settlement Services, LLC or with the Conestoga Settlement Trust; (b) who is not directly or indirectly compensated by Conestoga Settlement Services, LLC or the Conestoga Settlement Trust, their affiliates or representatives; and (c) who has sufficient business and financial experience to protect [investors'] interest" in the life settlement investment transaction

McDonald represented himself with these titles even though they were not actual, recognized designations or certifications in the financial services industry and even

though McDonald was a representative of Conestoga who was compensated by Conestoga for selling the investments.

21. In or about October 2007 McDonald was charged by the State of Wisconsin in a Complex Forfeiture action for deceptive sales practices and use of misleading and false advertising, resulting in a consent judgment against him of over $23,000 entered in December 2008, which remains unsatisfied.

22. McDonald did not disclose to investors to whom he offered and/or sold Conestoga life settlement investments the material facts related to the consent judgment entered into with the State of Wisconsin Department of Justice in December 2008.

ALLEGATIONS AGAINST VIATER

23. Viater, as Agent for Conestoga, sold life settlement interests to at least 21 Wisconsin investors totaling at least $2.5 million.

24. In or about October 2013, Viater was named the defendant in a lawsuit filed in the Bayfield County Circuit Court alleging that Viater had committed misrepresentations, breach of fiduciary duty, and other unlawful acts in connection with the sale of corporate stock.

25. Viater made material and misleading representations about the investment to investors, including but not limited telling at least one investor that he couldn't lose his investment funds when investing in life settlement securities.

26. Viater did not disclose to at least one investor to whom Viater offered and sold an interest in the Conestoga life settlement security the material facts concerning the lawsuit against Viater in which it was alleged that he committed misrepresentations and other unlawful acts in connection with the sale of corporate stock.

ALLEGATIONS AGAINST ANDERSON

27. Anderson entered into a contract to act as Agent for Conestoga, and while acting as Agent for Conestoga sold life settlement interests to at least 5 Wisconsin investors totaling at least $344,000.00.

28. While acting as an Agent for Conestoga, Anderson directed Wisconsin investors to execute a limited Power of Attorney naming Anderson as the investors' agent and attorney-in-fact to act for and on behalf of the investor as if he were the investor, to review, evaluate and direct Conestoga regarding the acquisition of life settlements, and the POA further stated that, by granting power to the agent to exercise discretion in instructing Conestoga, the investor does so at his own risk, and that the investor understands that the agent is not an agent, employee, partner, affiliate or representative of

Conestoga, and that Conestoga is not responsible for any loss or damages resulting from the actions or advice of the agent.

29. The POA utilized by Anderson was false and misleading, as he was at all times an agent and representative of Conestoga.

30. Under the POA executed by investors, Anderson was an agent and fiduciary for the investors and was prohibited under Wisconsin law from self-dealing or otherwise utilizing investor funds for Anderson's own benefit. However, Anderson falsely informed investors that he was not Conestoga's agent and Anderson did not disclose his conflict of interest or the fact that he would receive a commission from the sale of the life settlement investment as a percentage of the investor's purchase price.

31. Anderson also instructed investors to name him as their authorized agent in their account applications with the investors' IRA custodian, whereby Anderson was granted full authority to buy, sell, and/or re-invest any asset within the investors' IRA account, including but not limited to the Conestoga life settlement interests.

32. When soliciting investors, Anderson also falsely referred to himself as a "professional financial advisor (a) who is not directly or indirectly affiliated with Conestoga Settlement Services, LLC or with the Conestoga Settlement Trust; (b) who is not directly or indirectly compensated by Conestoga Settlement Services, LLC or the Conestoga Settlement Trust, their affiliates or representatives; and (c) who has sufficient business and financial experience to protect [investors'] interest" in the life settlement investment transaction.

33. While acting as an Agent for Conestoga, Anderson held himself out to investors as a Registered Investment Adviser when he in fact he has never been an Investment Advisor and has not been registered with the Division in any capacity whatsoever since March 2011.

CONCLUSIONS OF LAW

34. The life settlement contracts offered and/or sold by the Respondents are securities as defined by Wis. Stat. § 551.102(28).

35. Respondents violated Wis. Stat. § 551.501(2) by, in connection with the offer and sale of securities to persons in Wisconsin, making untrue statements of material fact and/or omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, including but not limited to the misstatements and omissions detailed above in this Order.

36. Respondents violated Wis. Stat. § 551.501(3) by engaging in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person, including but not limited to making the misstatements and omissions detailed above in this Order.

37. By offering and/or selling Conestoga life settlements to unaccredited Wisconsin investors through general solicitation, Respondents negated a condition of the Regulation D, Rule 506

exemption and thereby violated Wis. Stat. § 551.402 by transacting business as unregistered agents for issuer.

38. McDonald and Anderson violated Wis. Stat. § 551.403 by transacting business as unregistered investment advisers by undertaking to act with discretion in the account of at least one investor through a limited power of attorney, creating fiduciary duties to the investor.

39. McDonald and Anderson violated Wis. Stat. § 551.502 by acting as investment advisers for at least one investor without disclosing the inherent conflicts of interest resulting from their contrary fiduciary duties to both Conestoga and to the investor.

Therefore, pursuant to Wis. Stat. § 551.604(2),

IT IS ORDERED THAT:

a. The Cease and Desist Order dated April 10, 2015 issued in Case No. S-230672 (EX) against Jace T. McDonald and Peter Viater is withdrawn and replaced by this Cease and Desist Order;

b. The Cease and Desist Order dated April 10, 2015 issued in Case No. S-230672 (EX) is withdrawn without prejudice against Conestoga Settlement Services LLC, Conestoga International LLC, Conestoga Trust Services LLC, Conestoga Member Services LLC, Michael Charles McDermott and Richard C. Nettleton.

c. RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, shall cease and desist from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Wis. Stats. Ch. 551 or successor statute.

d. All exemptions from registration set forth at Wis. Stats. Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by any of the RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, are hereby revoked

e. RESPONDENTS, their successors, affiliates, controlling persons, officers, agents, servants, employees and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of any RESPONDENT, are prohibited from violating Wis. Stat. § 551.501 or successor statute.

f. RESPONDENTS, their successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of either RESPONDENT, are prohibited from violating Chapter 551, Wis. Stats. or successor statutes that might otherwise apply to any offer or sale of a security of or by RESPONDENTS.

g. RESPONDENTS shall disgorge any and all commissions, profits, or any other moneys received by them as compensation for making offers and/or sales of Conestoga life settlement interests to Wisconsin investors and remit such moneys back to the investors

from whom such compensation was derived and shall provide proof of the same to the Division no later than 30 calendar days from the date of issuance of this Order, or if a petition for hearing is filed as provided by Wis. Stat. § 551.604(2), by a date to be fixed by a final order.

h. RESPONDENTS shall each pay to the Division a civil penalty in the amount of $10,000, as provided under Wis. Stat. § 551.604(4). Such payment shall be made payable to the Wisconsin Department of Financial Institutions and shall be remitted to the Division no later than 30 calendar days from the date of issuance of this Order, or if a petition for a hearing is filed as provided under Wis. Stat. § 551.604(2), by a date to be fixed by a final order.

EXECUTED at Madison, Wisconsin, this 15th day of May, 2015.

(SEAL)

Patricia D. Struck
Administrator
Division of Securities

Exhibit B

State of Wisconsin

Department of Financial Institutions

Scott Walker, **Governor** | Lon E. Roberts, **Secretary**

September 27, 2016

In the matter of Jace T. McDonald, Peter P. Viater and Derek M. Anderson, DFI Case No. S-230672 (EX)

In light of the fact that each Respondent has once again failed to abide by the schedule stipulated to by the parties, this time to address the matter of remedies and specific disgorgement amounts, and failure to provide responses to the Division's request for remedies by the September 1, 2016 deadline, I am issuing the following orders:

1) Adoption of the Division's May 15, 2015 summary order;

2) Each respondent is ordered to disgorge specific amount of money received equal to the commissions received from sales of Conestoga to investors;

3) Each respondent shall pay a civil penalty of $10,000 to the Division;

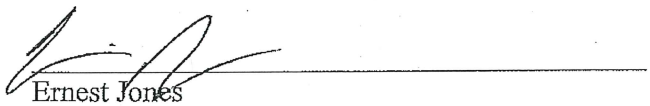
Monies to be disgorged shall be remitted to the Division no later than 30 calendar days of the issuance of this order. The civil penalty of $10,000 to the Division shall be paid within 30 days of this final order. Interest shall accrue to all amounts pursuant to this order from the date of this order until amounts are paid in full.

Throughout these proceedings, Respondents have been given more than enough time over the course of the past year and have continually failed to provide documents and abide by the discovery schedules that parties stipulated to before this hearing examiner. From Respondents failure to provide significant documents as requested by the Division to the apparent destruction of documents by at least one of the Respondents, I must reiterate my opinion as expressed earlier in these proceedings that Respondents have acted in bad faith based on repeated violations of orders and misconduct in their failure to provide materials as requested by the Division.

Office of the Secretary
Mail: PO Box 8861 Madison, WI 53708-8861 Courier: 201 W. Washington Ave. Suite 500, Madison, WI 53703
Voice: (608) 264-7800 Fax: (608) 261-4334 Internet: www.wdfi.org

Based on the findings and Respondents conduct, which are reflected in the record, and the latest failure to respond to the Division by the September 1, 2016 deadline, I am granting the Division's requests that the Respondents separately pay any disgorged commissions from any civil penalties under Wis. Stat. § 551.604(4), for ease of compliance with Wis. Stat. § 551.601(5) and Wis. Stat. § 20.144(1)(i).

These orders are FINAL.



Ernest Jones
Hearing Examiner
Wisconsin Department of Financial Institutions

APPEAL

Pursuant to ss. 227.48 and 227.49, Stats. respondent may file a petition for rehearing which shall be received by the division within 20 days after the effective date of this order. Rehearing will be granted only on the basis of some material error of law or fact, or the discovery of new evidence sufficiently strong to reverse or modify the order, and which could not have been previously discovered by due diligence.

The request shall be sent to:

Leslie Van Buskirk, Administrator
Wisconsin Department of Financial Institutions
Division of Securities
P.O. Box 7876
201 W. Washington Avenue, Suite 500
Madison, WI 53707-7876
tel. (608) 267-1603
fax (608) 267-6889

Pursuant to ss. 227.48(2) and 227.52, Stats. respondent may file a petition for judicial review within 30 days after the effective date of this order. The identification of the party to be named as respondent therein is the Wisconsin Department of Financial Institutions.

State of Wisconsin

Department of Financial Institutions

Scott Walker, **Governor** | Jay Risch, **Secretary**

AFFIDAVIT OF SERVICE

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

I, KATHERINE CLEMENTI, first being duly sworn, depose and state:

1. I am employed with the State of Wisconsin, Department of Financial Institutions, Division of Securities.

2. On the date of this Affidavit and in the course of regularly conducted activity, I have caused to be served by certified mail upon the Respondent Derek M. Anderson at his last known address of 9246 N. Clear Lake Road, Milton, WI 53563.

   i. Order to Cease and Desist Including Disgorgement and Civil Penalties, DFI case no. S-2360002 (EX); and

   ii. A copy of this Affidavit of Service.

3. I have also caused to be served copies of those same documents upon the Administrator for the Division of Securities, pursuant to Wis. Stat. §§ 227.48, 551.611, and 891.46; and Wis. Admin. Code. §§ DFI-Sec 8.06 and 8.07.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Katherine Clementi
KATHERINE CLEMENTI

State of Wisconsin
Department of Financial Institutions
Division of Securities

Subscribed and sworn to before me

This 14th day of August 2015

Robin Jacobs
(Notary Seal)

ROBIN S. JACOBS NOTARY PUBLIC STATE OF WISCONSIN

Notary Public, State of Wisconsin

My commission is permanent.

Division of Securities
Mail: PO Box 1768 Madison, WI 53701-1768
Courier: 4822 Madison Yards Way, Madison, WI 53705
Voice: (608) 261-9555 Fax: (608) 264-7979 Web: www.wdfi.org