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

In the Matter of

CONESTOGA SETTLEMENT SERVICES LLC, CONESTOGA INTERNATIONAL LLC, CONESTOGA TRUST SERVICES LLC, CONESTOGA TRUST, AND MICHAEL C. MCDERMOTT

Respondents.

CONSENT ORDER TO CEASE AND DESIST AND FOR CIVIL PENALTIES

DFI Case No. S-230672 (EX)

I.

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 Consent Order as follows:

II.

The staff of the Bureau of Enforcement have presented evidence for the Administrator to make the following findings of fact and conclusions of law:

A. Findings of Fact

Respondents

1. Conestoga Settlement Services LLC is a Delaware limited liability company organized on May 20, 2010 and managed by Michael Charles McDermott. It is the organizing entity and initial trustor of Conestoga Settlement Trust ("Conestoga Trust"),[1] a Delaware statutory trust which owns the life insurance policies in which fractional interests are sold by agents of Conestoga Settlement Services. Conestoga Settlement Services LLC's registered agent for service of process is Incorp Services, Inc. located at 919 North Market Street, Suite 950, Wilmington, DE 19801.

2. 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. Conestoga International LLC's registered agent for service of process is Strategic Solutions, Inc. located at 250 Munoz Rivera Avenue, Suite 1400, San Juan, Puerto Rico 00918. On April 1, 2015, McDermott transferred his interest in Conestoga International LLC to CI Trust. CI Trust is a trust that was formed on April 1, 2015 in South Dakota. CI Trust was established for the purpose of holding the membership interests of Conestoga International LLC. Michael Charles McDermott and Mary Ann McDermott established CI Trust and are beneficiaries of CI Trust.

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[1] In February 2015, by amendment to the Agreement and Declaration of Trust, the name of Conestoga Settlement Trust was changed to Conestoga Trust.

3. Conestoga Trust Services LLC is a Delaware limited liability company organized on December 21, 2011, whose sole member is Rueben Lindsay Gordon. Previously, the sole member of Conestoga Trust Services LLC was Conestoga Member Services LLC. It is the Trustee of the Conestoga Trust. Conestoga Trust Services LLC's registered agent for service of process is Incorp Services, Inc. located at 919 North Market Street, Suite 950, Wilmington, DE 19801.

4. Conestoga Trust is a Delaware statutory trust which owns the life insurance policies in which fractional interests are sold by agents of Conestoga Settlement Services LLC.

5. The Conestoga entities described in ¶¶ 1-4 will be referred to collectively as "Conestoga."

6. Michael Charles McDermott ("McDermott") is an adult male born in August 1947, who at all times material has been the founder, owner, officer, manager and controlling person of the Conestoga entities. McDermott's last known business address is at Conestoga International. McDermott's last known residential addresses are:

   i. 644 Avenue Fernandez Juncos, Suite 301, San Juan, Puerto Rico 00907-3183;
   ii. 1400 Brown Trail, Bedford, Texas 76022-6407; and
   iii. 4007 Killion Drive, Dallas, Texas 75229-6226.

Conduct

7. During the approximate period of December 2010 through May 2015, Conestoga and McDermott entered into Independent Contractor Agreements with approximately 56 Wisconsin independent contractor agents, all of whom agreed to "market the products and services of Conestoga" and to refer all suitable clients for Conestoga's products and services. See the attached **Exhibit 1** for a list identifying the 56 Wisconsin independent contractor agents.

8. During the above referenced period, Conestoga, through its independent contractor agents, offered and sold fractional interests in the benefits payable under life insurance policies to approximately 122 Wisconsin residents, totaling at least $9.8 million.

9. At least 53 of the independent contractor agents were not registered with the Division during the time frame that they sold fractional interests in the benefits payable under life insurance policies to Wisconsin investors.

10. More than 35 of the Wisconsin investors referenced in ¶ 8 were not accredited investors.

B. Conclusions of Law

Legal Authority and Jurisdiction

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

12. Conestoga and McDermott are "issuers" as defined under Wis. Stat. § 551.102(17).

13. The Conestoga independent contractors who solicited the life settlement investments were "agents" as defined under Wis. Stat. § 551.102(2).

14. The life settlement contracts offered by Conestoga through its agents are "securities" as defined by Wis. Stat. § 551.102(28).

15. Pursuant to Wis. Stat. § 551.402(4), it is unlawful for an issuer engaged in offering, selling, or purchasing securities in this state, to employ or associate with an agent who transacts business in this state on behalf of issuers unless the agent is registered under Wis. Stat. § 551.402(1) issuer or exempt from registration under Wis. Stat. § 551.402(2).

Violations

16. Through the conduct described above in ¶¶ 1-10, Respondents violated Wis. Stat. § 551.402(4) when they engaged in the offering and selling of securities in Wisconsin by employing agents who were neither registered under Wis. Stat. § 551.402(1) nor exempted from registration under Wis. Stat. § 551.402(2).

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 order and notices:

A. Orders Pursuant to Wis. Stat. § 551.604(2):

a. IT IS ORDERED that 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.

b. IT IS FURTHER ORDERED that 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.

c. IT IS FURTHER ORDERED that 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.

d. IT IS FURTHER ORDERED that 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 Wis. Stats. Ch. 551 or successor statute that might otherwise apply to any offer or sale of a security of or by RESPONDENTS.

e. IT IS FURTHER ORDERED that RESPONDENTS shall provide a copy of this order to all current and future independent contractor agents of Conestoga, including those listed in Exhibit 1, and to all prospective offerees of its investment products.

f. IT IS FURTHER ORDERED that a civil penalty be imposed on RESPONDENTS in the form of an administrative assessment totaling $300,000 for the violations committed against Wisconsin investors, many of whom were over the age of 65 at the time of the violations, pursuant to Wis. Stat. § 551.604(4), subject to the terms of the confidential Settlement Agreement entered into with the Division on December 6, 2019.

g. IT IS FURTHER ORDERED that any breach of the confidential Settlement Agreement entered into with the Division on December 6, 2019 shall constitute a violation of this Order.

B. 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.

j. PLEASE TAKE NOTICE that the date of the service of this order is the date it is placed in the mail if the order is sent by certified mail. If the order is personally served, the date of service is the date the order is personally served on the party or the party's attorney of record.

C. Notifications

k. PLEASE TAKE NOTICE that this Order consented to by RESPONDENTS prohibits RESPONDENTS from transacting securities business in the State of Wisconsin per the terms of the orders issued pursuant to Wis. Stat. §§ 551.604(2), is effective upon the date issued.

l. PLEASE TAKE NOTICE this Order is entered subject to Conestoga's Waiver and Consent to Order dated December 6, 2019.

m. PLEASE TAKE NOTICE 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.

EXECUTED at Madison, Wisconsin, this 9th day of December, 2019.

Leslie M. Van Buskirk
Administrator
Division of Securities

Last Name	First Name
Anderson	Derek
Barthen	Tammy
Baumler	Jessica
Brandenburg	William D.
Bryant	Donna
Burns	Terrence
Campbell	Clarence L.
Day	Kevin W.
Dorney	Kelly
Durand	Mike
Ernst	John
Foster (JTF Consulting, Inc.)	J Todd
Gansluckner	Lawrence
Gardner	Stephen
Gilles	Daniel
Gunderson	Kathryn
Hall	Harold
Hanusa	Kurt
Heiar	Sandy
Hobbins	Thomas
Hubbartt Jr.	Terry
Huerth	Rebecca
Hutchins	Jason
[redacted]	
Khang	Pao
Kiser	Leo
Kiser	James D.
Kitchen	Tiffani
Klocko	Paul
Konopa	Theresa
Kreft	John
Lewis	Harvey C.
Lorang	James
Lund	Brian
McDermott	Mike
McDonald	Jace
Menke	Ann
Morris	Kerry
Murphy	Peter
Nettleton	Richard
Olson	Robert
Robus	Dennis
Rust	Rick
Scheider	Edward W
Scholz	Heather
Schroeder	Allen G.

Exhibit A

EXHIBIT

1

Scott	Terry
Skoug	Jeffrey
Stellpflug	Lois
Tompkins	Keith
Tornik	Grace
Treptow	Bruce
Van Offeren	William
Vanderscheuren	Paul
Viater	Peter P.
[redacted]	
Weiss	Stephen
Wood	Gregory
Worth	Emily

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

In the Matter of,

CONESTOGA SETTLEMENT SERVICES LLC, CONESTOGA INTERNATIONAL LLC; CONESTOGA TRUST SERVICES LLC; CONESTOGA TRUST; and MICHAEL C. MCDERMOTT,	WAIVER AND CONSENT TO ORDER
Respondents.	DFI Case No. S-230672 (EX)

The undersigned Respondents, CONESTOGA SETTLEMENT SERVICES LLC, CONESTOGA INTERNATIONAL LLC; CONESTOGA TRUST SERVICES, LLC, CONESTOGA TRUST and MICHAEL C. MCDERMOTT, having decided not to contest the issuance of the attached Order, hereby waive their rights to a hearing with respect to this matter, including waiving findings of fact and conclusions of law as may otherwise be required for the Order, and hereby consent to the issuance of the Order. However, Respondents' consent to entry of this consent order shall not be construed as any admission of violation, and Respondents reserve all defenses for any proceeding not covered by this consent order.

Respondents hereby acknowledge that, in exchange for Respondents' voluntary consents and agreement to cease and desist from further violations of Ch. 551, the revocation of certain exemptions, restitution, civil penalties, and other conditions as described in the attached Order, the Division agrees to resolve this matter by issuance of the attached Order. Subject to Respondents' compliance with the attached Order, the Division agrees to forgo all further legal action, including injunction proceedings in a circuit court pursuant to Wis. Stat. § 551.603. If Respondents fail to comply with any condition or term of the consent order, the Division reserves all rights under the law to enforce the Order against Respondents.

The undersigned Respondents understand and agree that the attached Order shall prohibit the Respondents from transacting any securities business in the State of Wisconsin per the terms of the Order, effective on the date the Order is issued. The undersigned Respondents understand the Order, when signed by the Administrator of the Division of Securities, is effective on the date issued and that a willful violation of an Order signed by the Administrator is a criminal offense pursuant to Wis. Stat. § 551.508.

MICHAEL C. MCDERMOTT, personally
and on behalf of CONESTOGA
SETTLEMENT SERVICES and
CONESTOGA INTERNATIONAL LLC

State of)
County of)
Subscribed before me this

_____ of _____, 2019.

_____
Notary Public
My commission is permanent/expires _____

_____
R. Lindsay Gordon, on behalf of
CONESTOGA TRUST SERVICES LLC
and CONESTOGA TRUST

State of) Huracero
County of) Puerto Rico
Subscribed before me this

7 of December, 2019.

_____
Notary Public
My commission is permanent/expires No Expires
Off. # 423

4018-01755383

9397
03/06/2019
$5.00

Sello de Asistencia Legal
80004-2019-0306-81398189

MICHAEL C. MCDERMOTT, personally
and on behalf of CONESTOGA
SETTLEMENT SERVICES and
CONESTOGA INTERNATIONAL LLC

State of Texas)
County of Dallas)
Subscribed before me this

10th of December, 2019.

Briana Robinson
Notary Public
My commission is permanent/expires 9-20-2023

R. Lindsay Gordon, on behalf of
CONESTOGA TRUST SERVICES LLC
and CONESTOGA TRUST

State of)
County of)
Subscribed before me this

10th of December, 2019.

Briana Robinson
Notary Public
My commission is permanent/expires 9-20-2023

BRIANA ROBINSON
Notary Public, State of Texas
Comm. Expires 09-20-2023
Notary ID 129999723

State of Wisconsin

Department of Financial Institutions

Tony Evers, **Governor** | Kathy Blumenfeld, **Secretary**

AFFIDAVIT OF SERVICE
AND COMPLIANCE WITH WIS. STAT. § 551.611

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 Attorney James Craig Orr, Jr. at his last known business address of Heygood, Orr & Pearson, 6363 North State Highway 161, Suite 450, Irving, Texas 75038:

   - A copy of the Consent Order to Cease and Desist and for Civil Penalties with Exhibit 1, Signed Waiver and Consent to Order, Settlement Agreement, and Exhibit A, DFI Case No. S-230672 (EX); and

   i. A copy of this Affidavit of Service.

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

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 9th day of December, 2019.

Robin S. Jacobs
Notary Public, State of Wisconsin
My commission is permanent.

(Notary Seal)

ROBIN S. JACOBS
NOTARY
PUBLIC
STATE OF WISCONSIN

State of Wisconsin

Department of Financial Institutions

Tony Evers, **Governor** | Kathy Blumenfeld, **Secretary**

AFFIDAVIT OF SERVICE
AND COMPLIANCE WITH WIS. STAT. § 551.611

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 Attorney Gregory Everts at his last known business address of Quarles & Brady LLP, 33 East Main Street, Suite 900, Madison, WI 53703-3095:

   - A copy of the Consent Order to Cease and Desist and for Civil Penalties with Exhibit 1, Signed Waiver and Consent to Order, Settlement Agreement, and Exhibit A, DFI Case No. S-230672 (EX); and

   i. A copy of this Affidavit of Service.

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

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 9th day of December, 2019.

Robin Jacobs
Notary Public, State of Wisconsin
My commission is permanent.

(Notary Seal)

ROBIN S. JACOBS NOTARY PUBLIC STATE OF WISCONSIN