



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
)  
CONESTOGA TRUST )  
(f/k/a CONESTOGA SETTLEMENT )  
TRUST, CONESTOGA SETTLEMENT ) Case No.: AP-20-15  
SERVICES, LLC); AND CONESTOGA )  
INTERNATIONAL, LLC, )  
)  
*Respondents.* )

CONSENT ORDER

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“**Enforcement Section**”), through Director of Enforcement, Douglas M. Jacoby, has alleged that Conestoga Trust and/or Conestoga International, LLC (collectively, “**Conestoga**” or “**Respondents**”), from December 6, 2010 to March 16, 2016 (“**Relevant Period**”), employed and/or associated with at least three (3) unregistered agents to offer and sell life settlement investments to residents in the State of Missouri and, in one instance, effected a sale in the securities prior to filing notice with the State of Missouri of Conestoga’s claim of exemption from registration under Regulation D of the Securities Act of 1933.
2. Respondents and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to the Respondents’ alleged violations of Sections 409.3-301 and 409.4-402(d), RSMo. (2016)<sup>1</sup>.

CONSENT TO JURISDICTION

3. Respondents and the Enforcement Section stipulate and agree that the Missouri Commissioner of Securities (“**Commissioner**”) has jurisdiction over Respondents and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
4. Respondents and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h) which provides:

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<sup>1</sup> Unless otherwise noted, all statutory references are to the 2016 Revised Statutes of Missouri.

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

#### WAIVER AND EXCEPTION

5. Respondents waive Respondents’ rights to a hearing with respect to this matter.
6. Respondents waive any rights that Respondents may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondents specifically forever release and hold harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner of Securities, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.
7. Respondents stipulate and agree with the Enforcement Section that, should the facts contained herein prove to be false or incomplete in a material way, the Enforcement Section reserves the right to pursue any and all legal or administrative remedies at its disposal.
8. Respondents specifically and voluntarily waive any rights to claim that they are unable to pay, now or at any time hereafter, any debt for restitution, civil penalty or other amount imposed in this Order.

#### CONSENT TO COMMISSIONER’S ORDER

9. Respondents and the Enforcement Section stipulate and agree to the issuance of this Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
10. Respondents agree not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondents’ (a) testimonial obligations; (b) right to take legal or factual position in defense of litigation or in defense of other legal proceedings in which the Commissioner is not a party; or (c) right to make public statements that are factual.
11. Respondents agree that Respondents are not the prevailing party in this action since the parties have reached a good faith settlement.
12. Respondents neither admit nor deny the allegations made by the Enforcement Section, but consent solely for the purpose of this matter only and not for any other matter, to the Commissioner’s Findings of Fact, Conclusions of Law, and Order as set forth below solely for the purposes of resolving this proceeding and any proceeding that may be brought to enforce the terms of this Order.

COMMISSIONER'S FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

I. FINDINGS OF FACT

13. Conestoga Trust is a Delaware trust with a principal place of business located at 6363 N. State Highway 161, Suite 450, Irving, Texas 75038. Conestoga Trust is the issuer of the Conestoga Life Settlements (as defined below).
14. Conestoga International, LLC is a limited liability company organized under the laws of Puerto Rico with a last known principal place of business located at 644 Avenue Fernandez Juncos, Suite 301, San Juan, PR 00907 United States. Conestoga International, LLC served as a promoter of the Conestoga Life Settlements (as defined below) and serves as the trustor for all investments into Conestoga Trust made after July 16, 2011.
15. On October 10, 2010, Respondents filed a Notice of Exempt Offering of Securities, pursuant to Rule 506 of Regulation D, with the Securities and Exchange Commission in connection with the issuance of life settlements (*a/k/a* viatical settlements)(“**Conestoga Life Settlements**”), which according to Respondents’ filing, began on May 28, 2010.

Violative Conduct

17. Shortly thereafter, on December 6, 2010, Respondents allowed one unregistered agent, to offer and sell \$55,548 worth of Conestoga Life Settlements to a then fifty-nine-year-old Lake St. Louis, Missouri resident (“**MR1**”) and paid the agent \$5,554.80 in commissions for the sale.
17. A check of the records maintained by the Commissioner indicates that at the time of the sale to MR1, there was no registration, granted exemption, or notice filing in the State of Missouri indicating status as a “federal covered security” for the Conestoga Life Settlements.
18. On April 7, 2011, more than four months after the sale to MR1, Respondents finally filed a Notice of Exempt Offering of Securities, pursuant to Section 409.3-302(c), with the State of Missouri for the Conestoga Life Settlements.
19. Following their April 2011 notice filing with the State of Missouri, Respondents continued to allow unregistered agents to offer and sell Conestoga Life Settlements to residents in the State of Missouri.
20. In all, Respondents sold \$833,777.12 in Conestoga Life Settlements through unregistered agents to fourteen (14) Missouri residents (“**MRs**”), including MR1, during the Relevant Period.
21. Respondents paid commissions totaling at least \$58,714.63 to the three unregistered agents, for the sales of the Conestoga Life Settlements to the fourteen MRs.

22. At the time of the investments in the Conestoga Life Settlements, seven (7) of the fourteen MRs were at least sixty years of age and elderly persons, as that term is defined in Section 409.6-604(d)(3)(B).
23. To date, of the fourteen MRs who invested in the Conestoga Life Settlements:
  - six (6) MRs forfeited 1 or more policy interests associated with their Conestoga Life Settlements investment because they failed to pay the premium call notices on such policies once the escrow for such policy interests was exhausted; and
  - eight (8) MRs were subject to no forfeiture and remain invested in all policy interests associated with their Conestoga Life Settlements investment.<sup>2</sup>

## II. CONCLUSIONS OF LAW

24. **THE COMMISSIONER CONCLUDES** that the Conestoga Life Settlements that Respondents offered and sold to MRs are securities under Section 409.1-102(28)(E).
25. **THE COMMISSIONER CONCLUDES** that at the time the Conestoga Life Settlements were offered and sold to MR1, there was no registration, granted exemption, or notice filing in the State of Missouri indicating status as a “federal covered security” for the Conestoga Life Settlements, in violation of Section 409.3-301.
26. **THE COMMISSIONER CONCLUDES** that Respondents employed and/or associated with individuals, who on behalf of Respondents, transacted broker-dealer business in the State of Missouri, in violation of Section 409.4-402(d).
27. **THE COMMISSIONER CONCLUDES** Respondents’ violations of Sections 409.3-301 and 409.4-402(d) constitute an illegal act, practice, or course of business subject to the Commissioner's authority under Section 409.6-604.
28. **THE COMMISSIONER CONCLUDES** that the aforementioned violations are sufficient to issue an order in accordance with Section 409.6-604.

## III. ORDER

**NOW, THEREFORE**, it is hereby ordered that:

29. Respondents, their respective agents, employees and servants, and all other persons participating in the above-described alleged violations with knowledge of this order are permanently enjoined and restrained from engaging in violations of Sections 409.3-301 and 409.4-402(d).

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<sup>2</sup> Including one (1) MR who no longer holds a position in Conestoga Life Settlements because all the policy interests associated with the investment have matured and paid all expected returns.

30. Respondents shall draft and deliver along with a copy of this Consent Order, a tailored letter (“**Notice**”) to each MR detailing, as applicable, the following specific benefits the MR is entitled to receive from Respondents pursuant to this Consent Order:
- a. As to the MRs identified in Exhibit A (attached herein) with forfeited policy interests that have not, as of October 1, 2020, matured, when the insureds whose lives are insured by such policies pass away, Respondents shall, jointly and severally, pay to the MR investors (or, in the event they are deceased, to their estate) the amount they initially paid to invest in said policy interests plus any premiums they may have paid, which amounts are shown on Exhibit A in the column titled “Total Amount Invested”; and
  - b. For all policy interests owned by the MRs identified in Exhibit B (attached herein) which policy interests have never been forfeited, Respondents, jointly and severally, shall pay 50% of the premiums that said MRs owe on their policy interests going forward until the policy interests mature and waive all interests in or claim of right to any portion of the proceeds from such policies. In the event any such MRs after the date of this Consent Order forfeits a policy interest to Respondents as a result of non-payment of premium, Respondents shall, jointly and severally, pay to the MR (or, in the event the MR is deceased, to the MR’s estate) the amount said MR initially paid to invest in said policy interests plus any premiums said MR may have paid, similar as described in paragraph 30(a) above.

Each Notice shall be in a form not unacceptable to the Enforcement Section and shall be approved prior to mailing. The approval of the Enforcement Section shall not be unreasonably withheld.

31. Each Notice shall be delivered to the last known mailing address of each MR (or, in the case an MR is deceased, to the trustee(s) of his or her estate), as agreed between the Enforcement Section and Respondents based on their respective records, and in a manner that provides confirmation of delivery (e.g., certified mail).
32. Respondents shall promptly provide the Enforcement Section with a copy of each delivery confirmation as it is received by Respondents.
33. In the event an MR cannot be located in order to confirm delivery of the Notice, Respondents are required to coordinate with the Enforcement Section to obtain an alternative mailing address for the undeliverable Notice.
34. Each required Notice shall be mailed by Respondents no later than thirty calendar days following the date of execution of this Consent Order.
35. Following the date of execution of this Order and until such time that Respondents have fully satisfied their obligations and responsibilities under this Consent Order, Respondents shall for the purpose of determining or securing compliance with this Consent Order, prepare and submit to the Enforcement Section within ten days of the end of each calendar

quarter, a written report or record relating to Respondents' compliance with payments required under paragraph 30 of this Consent Order.

36. For the violations of Section 409.3-301, Respondents shall, jointly and severally, pay to the Missouri Secretary of State's Investor Education and Protection Fund the sum of \$5,000. This amount shall be sent to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101, and shall be payable to Missouri Secretary of State's Investor Education and Protection Fund. This payment shall be received by the Securities Division on or prior to the thirtieth (30) calendar day following the date of execution of this Order.
37. For the violations of Section 409.4-402(d), Respondents shall, jointly and severally, pay to the Missouri Secretary of State's Investor Education and Protection Fund the sum of \$110,000. Respondents are ordered to pay, jointly and severally, \$10,000 within thirty days of this Consent Order to the Missouri Secretary of State's Investor Education and Protection Fund and send such payment to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101. Respondents' payment of the remaining \$100,000 shall be suspended and ultimately fully and finally waived provided that Respondents comply with the terms of this Consent Order and do not violate the Missouri Securities Act from the date of this Consent Order forward before fully satisfying their obligations to the MRs as set forth in paragraphs 30 and 35 above. This payment shall become immediately due upon the sooner of (i) Respondents' non-compliance with the terms of this Consent Order after 10 day written notice of same by the Commissioner and opportunity to cure or (ii) a finding, after notice and opportunity for a hearing, by the Commissioner, the Missouri Administrative Hearing Commission, or a court of competent jurisdiction that any of the Respondents have violated the Missouri Securities Act after the date of this Consent Order. Such immediately due payment shall be in addition to all other penalties then available under the law.
38. Respondents shall pay their own costs and attorneys' fees with respect to this matter.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,  
MISSOURI THIS 15th DAY OF OCTOBER, 2020.




JOHN R. ASHCROFT  
SECRETARY OF STATE

  
DAVID M. MINNICK  
COMMISSIONER OF SECURITIES

Consented to by:  
MISSOURI SECURITIES DIVISION

COMMISSIONER OF SECURITIES

Consented to by:  
MISSOURI SECURITIES DIVISION

  
\_\_\_\_\_  
Douglas M. Jacoby  
Director of Enforcement

CONSESTOGA TRUST

  
By \_\_\_\_\_  
\_\_\_\_\_  
sole member/manager of trust  
Title

CONSESTOGA INTERNATIONAL, LLC

By \_\_\_\_\_  
\_\_\_\_\_  
Title

COMMISSIONER OF SECURITIES

Consented to by:  
MISSOURI SECURITIES DIVISION

\_\_\_\_\_  
Douglas M. Jacoby  
Director of Enforcement

CONSESTOGA TRUST

\_\_\_\_\_  
By

\_\_\_\_\_  
Title

CONSESTOGA INTERNATIONAL, LLC

  
\_\_\_\_\_  
By

*PRESIDENT*  
\_\_\_\_\_  
Title





Initial Placement Date	Contract State	Status	Account Name	Account Number	Total Amount Invested	Total Investment Amount Forfeited	Total Face Amount Forfeited	Total Investment on Maturated Policies	Total Face Amount Received from Maturated Policies	Total Amount received from Redemption	Total Investment remaining (subtracting column H, 11)	Total Face Value Remaining
12/6/2010	MO	Active	MR1	0100	\$ 55,548.00	\$ -	\$ -	\$ 25,548.00	\$ 38,785.86	\$ -	\$ 30,000.00	\$ 46,654.17
1/17/2013	MO	Active	MR4	0227	25,000.00	-	-	5,000.00	7,275.00	-	26,000.00	41,183.33
1/30/2013	MO	Active	MR3	0057	57,127.00	37,127.00	56,474.23	-	-	-	20,000.00	33,993.34
1/30/2013	MO	Active	MR6	0134	34,375.00	34,375.00	57,402.79	-	-	-	46,000.00	76,649.17
1/30/2013	MO	Active	MR2	0056	192,983.94	146,983.94	279,768.35	-	-	-	20,000.00	31,200.00
3/14/2013	MO	Active	MR7	0041	25,000.00	-	-	5,000.00	7,275.00	-	20,000.00	22,378.97
5/10/2013	MO	Inactive	MR10	0007	25,000.00	-	-	10,000.00	14,550.00	-	15,444.00	-
5/16/2013	MO	Active	MR9	0220	24,385.83	-	-	-	-	-	14,385.83	22,378.97
6/21/2013	MO	Active	MR11	0060	100,000.00	100,000.00	157,250.00	-	-	-	-	-
6/21/2013	MO	Active	MR8	0218	23,443.70	-	-	-	-	-	23,443.70	37,700.54
6/21/2013	MO	Active	MR8	1635	931.30	-	-	-	-	-	931.30	1,371.34
6/28/2013	MO	Active	MR2	0133	24,375.00	-	-	6,093.75	-	-	18,281.25	28,569.53
4/24/2014	MO	Active	MR13	0034	100,000.00	90,000.00	142,400.00	-	-	-	10,000.00	16,966.67
3/23/2016	MO	Active	MR14	0315	55,607.35	-	-	-	-	-	55,607.35	82,288.31
					\$ 833,777.12	\$ 472,485.94	\$ 739,541.20	\$ 51,641.75	\$ 67,885.86	\$ 15,444.00	\$ 284,649.43	\$ 450,138.70

tabbies' EXHIBIT  
 11/9/2006