

Division of Securities
Utah Department of Commerce
160 East 300 South
P.O. Box 146760
Salt Lake City, Utah 84114-6760
Telephone: 801 530-6600

**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

**CONESTOGA SETTLEMENT TRUST;
CONESTOGA SETTLEMENT
SERVICES, LLC;
MICHAEL C. MCDERMOTT;
WALTER C. YOUNG, CRD#1967829;
CREATIVE WEALTH DESIGNS, LLC;
DAYSRING FINANCIAL, LLC; and
MICHAEL JOHN WOODS;**

Respondents.

STIPULATION AND CONSENT ORDER

**Docket No. SD-12-0061
Docket No. SD-12-0062

Docket No. SD-12-0063
Docket No. SD-12-0064
Docket No. SD-12-0065
Docket No. SD-12-0066
Docket No. SD-12-0067**

The Utah Division of Securities (“Division”), by and through its Director of Licensing and Compliance, Kenneth O. Barton, and the Respondents, Conestoga Settlement Trust, Conestoga Settlement Services, LLC, Michael C. McDermott, Walter C. Young, Creative Wealth Designs, LLC, Dayspring Financial, LLC, and Michael John Woods (collectively referred to at times as “Respondents”), hereby stipulate and agree as follows:

1. Respondents have been the subject of an investigation by the Division into allegations that they violated the Utah Uniform Securities Act (“Act”), Utah Code Ann. §61-1-1, *et seq.*
2. On or about November 1, 2012, the Division initiated an administrative action against

10. Michael C. McDermott (“McDermott”), a Dallas, Texas resident during the period relevant to this matter¹, is the manager of CSS and promoter of Issuer. He is not licensed in the securities industry in any capacity.
11. Walter C. Young (“Young”), a Seattle, Washington resident, is an insurance agent. He is not licensed in the securities industry in any capacity. At times relevant to the facts alleged in this Order, Young acted as an agent of CSS.
12. Creative Wealth Designs, LLC (“CWD”) at all relevant times was a Washington limited liability company, but it no longer exists. During the period relevant to this action, Young and his wife were the only two members. CWD was not licensed in the securities industry in any capacity. At times relevant to the facts alleged in this Order, CWD acted as an agent of CSS.
13. Dayspring Financial, LLC (“Dayspring”) is a Texas limited liability company. It is not licensed in the securities industry in any capacity.
14. Michael John Woods (“Woods”), a Texas resident, is the managing member of Dayspring. Woods is not licensed in the securities industry in any capacity.

The Offering

15. On June 14, 2011, the Division received a Form D Rule 506 notice filing for a private placement securities offering by Issuer (“the offering”), Division File No. B01024166. The Form D was signed by McDermott on behalf of Issuer.
16. According to the Form D, the offering solicited investors to purchase “a specified

¹An amended Form D filed in April 2012 (“Amended Form D”) lists a San Juan, Puerto Rico address for McDermott. The amended Form D also identifies McDermott as the trustor of Issuer.

Sales to Utah Investors

20. Pursuant to an Independent Contractor Agreement with CSS, CWD and Young agreed to “market the products and services” of CSS, and “to refer all suitable clients” for CSS’s products and services. Under the terms of the agreement, CWD and/or Young would be compensated by Issuer 12% of “all client-participant funds placed directly” by CWD and/or Young.
21. In August 2010, after being solicited by Young, the Utah residents made three investments in the offering, all of which were made with retirement monies.
22. Husband made two investments, consisting of \$30,000 in Roth IRA monies and \$180,000 from a traditional IRA account.
23. Wife invested \$45,000 in Roth IRA monies.
24. Pursuant to Young and Issuer’s instructions, Husband and Wife’s monies were deposited with CSS’s “escrow agent” and self-directed IRA administrator (“trust company”), which established self-directed IRA accounts for Husband and Wife.
25. Almost immediately after receipt of their monies, and without investor knowledge or consent, twenty percent of the Utah investors’ principal, totaling \$51,000, was paid by Issuer as sales commissions to Young, McDermott and Dayspring/Woods as follows:

Young:	\$30,600 (12%)
McDermott:	\$10,200 (4%)
Dayspring/Woods:	<u>\$10,200 (4%)</u>

Conestoga Settlement Services, LLC (hereinafter, "Conestoga") has arranged for the purchase of the policy from the original purchaser of the policy from the insured, and arranges for participants to participate in life settlement transactions, in which the life settlor has already sold his or her life insurance policy to the original purchaser of the policy. You may direct your IRA custodian to purchase for the benefit of your IRA, certain beneficial interests in a trust which holds life insurance policies. You may choose to have your IRA acquire a beneficial interest in either 100% of the death benefit payable under a life policy, or a fractional interest in such death benefit. If your custodian, for the benefit of your IRA, purchases a beneficial interest in a fractional interest in the policy death benefit, additional beneficial interests in the remaining fractional interests in such policy may be sold to other participants. When the life settlor dies, your IRA would receive the percentage of beneficial interests in the trust which your IRA acquired in the death benefit proceeds paid under the life insurance policy.

29. In selecting policies, Issuer's investors are presented with a policy list for which CSS has executed "Policy Purchase Agreements." The list includes information such as the face amount of the policy, insurance company, age and gender of the insured, life expectancy, and the length of time policy premiums are in escrow. Based upon that information, investors commit a certain amount to individual policies. Once the policies are selected, the investors are linked to those specific policies; however, CSS acknowledges that if a certain policy is not obtained or is already fully subscribed, CSS will replace the policy with one of comparable value and life expectancy.
30. Neither McDermott nor Dayspring/Woods had any contact with the Utah investors.

Omissions of Material Facts

31. Respondents omitted material facts in connection with the offer and sale of the offering, including but not limited to:
- a. failing to disclose that a 20% commission would be paid by Issuer to Young,

the insured dies, the investor receives policy proceeds, hoping to net a gain after subtracting the amount paid for the policy, related fees and expenses, and the necessary premiums.

II. CONCLUSIONS OF LAW

34. Respondents Issuer, CSS, McDermott, CWD and Young violated Section 61-1-1(2) of the Act by omitting material facts as described in paragraphs 31 through 33 in connection with the offer and sale of the offering.
35. Respondents McDermott, Young, CWD, Woods and Dayspring violated Section 61-1-3 of the Act by transacting business in Utah as agents (McDermott, Young, Woods) and broker-dealers (CWD, Dayspring) while unlicensed.
36. Issuer and CSS violated Section 61-1-3(2) of the Act by engaging unlicensed entities and agents to sell the offering and pay compensation to agents while unlicensed.

III. REMEDIAL ACTIONS/SANCTIONS

37. Respondents neither admit nor deny the Division's findings and conclusions, but consent to the sanctions below being imposed by the Division. Respondents represent that the failure to license was the result of erroneous legal advice.
38. Respondents have fully complied with and cooperated in the Division's investigation. Respondents represent that the information they have provided to the Division as part of the Division's investigation is accurate and complete.
39. Respondents agree to cease and desist from violating the Act and to comply with the requirements of the Act in all future business in this state.
40. Within thirty (30) days following entry of the Order, Respondents agree to send a letter to the Utah investors, in a form not objectionable to the Division, informing the Utah investors of their rights under Section 61-1-22 of the Act and offering rescission. Respondents shall report the Utah investors' response to the Division.
41. Respondents Young, CWD, Dayspring, Woods and McDermott agree to disgorge all

45. Respondents acknowledge that a violation of this Order is a third degree felony pursuant to Section 61-1-21(1)(b) of the Act.

Dated this 16 day of April, 2013

Kenneth O. Barton
Kenneth O. Barton
Director of Licensing and Compliance
Utah Division of Securities

Dated this 10 day of April, 2013

Hector De Leon, legal representative
Conestoga Settlement Trust

Michael C. McDermott
Conestoga Settlement Services, LLC

Walter C. Young
Walter C. Young
Creative Wealth Designs, LLC

Michael John Woods
Dayspring Financial, LLC

Approved:

Wade Faraway
Wade Faraway
Assistant Attorney General

Approved:

Paul T. Moxley
Paul T. Moxley
Counsel for Respondents

45. Respondents acknowledge that a violation of this Order is a third degree felony pursuant to Section 61-1-21(1)(b) of the Act.

Dated this ____ day of _____, 2013

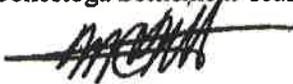


Kenneth O. Barton
Director of Licensing and Compliance
Utah Division of Securities

Dated this ____ day of _____, 2013



Hector De Leon, legal representative
Conestoga Settlement Trust



Michael C. McDermott
Conestoga Settlement Services, LLC

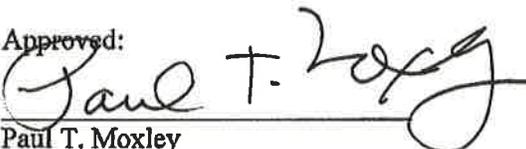
Walter C. Young
Creative Wealth Designs, LLC

Michael John Woods
Dayspring Financial, LLC

Approved:

Wade Farraway
Assistant Attorney General

Approved:



Paul T. Moxley
Counsel for Respondents

45. Respondents acknowledge that a violation of this Order is a third degree felony pursuant to Section 61-1-21(1)(b) of the Act.

Dated this ____ day of _____, 2013

Dated this ____ day of _____, 2013

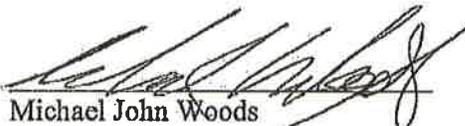


Kenneth O. Barton
Director of Licensing and Compliance
Utah Division of Securities

Hector De Leon, legal representative
Conestoga Settlement Trust

Michael C. McDermott
Conestoga Settlement Services, LLC

Walter C. Young
Creative Wealth Designs, LLC



Michael John Woods
Dayspring Financial, LLC

Approved:

Approved:

Wade Farraway
Assistant Attorney General

Paul T. Moxley
Counsel for Respondents

ORDER

IT IS HEREBY ORDERED THAT:

1. The Division's Findings and Conclusions, which are neither admitted nor denied by the Respondents, are hereby entered.
2. Respondents shall cease and desist from violating the Act and comply with the requirements of the Act in all future business in this state.
3. Within thirty (30) days following entry of the Order, Respondents shall send a letter to the Utah investors, in a form not objectionable to the Division, informing the Utah investors of their rights under Section 61-1-22 of the Act and offering rescission. Respondents shall report the Utah investors' response to the Division.
4. Respondents Young, CWD, Dayspring, Woods and McDermott shall disgorge commissions, totaling \$51,000.00, to Issuer and provide the Division with proof of the same within thirty (30) days following entry of the Order;
5. Pursuant to Utah Code Ann. § 61-1-20, and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, Respondents pay fines to the Division, within thirty (30) days following entry of this Order, as follows:
 - a. Issuer, CSS, McDermott, jointly and severally: \$20,000.00
 - b. Young and CWD, jointly and severally: \$5,000.00

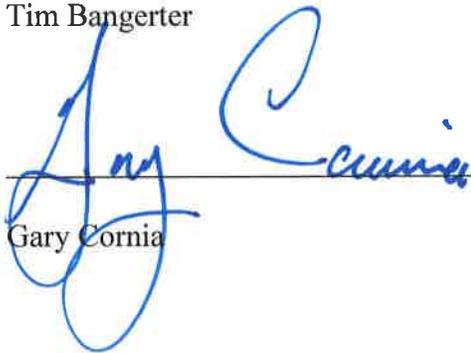
BY THE UTAH SECURITIES COMMISSION:

The foregoing Stipulation and Consent Order is hereby accepted, confirmed and approved by the Utah Securities Commission.

DATED this 30 day of May, 2013.



Tim Bangerter

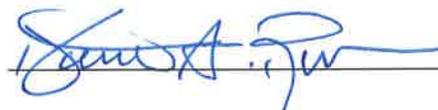


Gary Cornia

Erik Christiansen



Brent Baker



David A. Russon

Certificate of Mailing

I certify that on the 30th day of May, 2013, I mailed, by certified mail, a true and correct copy of the fully executed Stipulation and Consent Order to:

Paul T. Moxley
PARSONS KINGHORN HARRIS
111 East Broadway, #1100
Salt Lake City, UT 84111
Counsel for Respondents

Certified Mail # 7007 0220 0001 0064 7314



Maria Lohse
Executive Secretary

7007 0220 0001 0064 7314

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Paul T. Moxley
Parsons Kinghorn Harris
111 East Broadway, #1100
Salt Lake City, UT 84111

PS Form 3800, August 2006 See Reverse for Instructions