State of California - Department of Corporations

STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Conestoga Settlement Services, LLC
Conestoga International, LLC
Michael C. McDermott

1455 Pennsylvania Avenue, Suite 400
Washington, D.C. 20004

644 Avenue Fernandez Juncos, Suite 301
San Juan, Puerto Rico 00907

DESIST AND REFRAIN ORDER

(For violations of sections 25210 and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. Conestoga Settlement Services, LLC is a Delaware limited liability company, Conestoga International, LLC is a Puerto Rican limited liability company, and Michael C. McDermott is the sole manager and control person of both limited liability companies. Collectively, these three persons are referred to as "Conestoga" and conduct business at 1455 Pennsylvania Avenue, Suite 400, Washington D.C. 20004, and 644 Avenue Fernandez Juncos, Suite 301, San Juan Puerto Rico 00907. Conestoga maintains a password-protected website at *www. myconestoga.com* and uses a phone number of (888) 257-5554.

2. Conestoga engages in the business of offering and selling securities in California in the form of life settlement contracts. Since 2011, Conestoga offered and sold these securities in issuer transactions to at least thirty California purchasers.

3. As stated in its private placement memorandum, the purpose of the offering by Conestoga is to enable investors to purchase a beneficial interest in a fixed percentage of the death benefits payable under life insurance policies at maturity.

4. Conestoga contracts with several individuals to offer and sell its securities in California. These individuals are engaged in the business of effecting securities transactions for Conestoga in California, and have received commissions from Conestoga for sales activities.

5. Conestoga substantially assisted these individuals to violate section 25210 of the Corporate Securities Law of 1968 by contracting with them as independent contractors to offer and sell securities in California for commissions, without having a valid broker-dealer certificate issued by the Department of Corporations or the United States Securities and Exchange Commission (SEC), or without fully complying with the exemption under Section 25209 of the Corporate Securities Law of 1968.

6. In connection with these offers and sales to California investors, Conestoga failed to disclose that individuals offering and selling these securities are not licensed as broker-dealers.

Based upon the foregoing, the California Corporations Commissioner is of the opinion that independent contractors of Conestoga have effected transactions in securities as a broker-dealer without having first applied for and secured from the Commissioner a certificate authorizing them to act in that capacity, in violation of section 25210 of the Corporate Securities Law of 1968, or without fully complying with an exemption. Further, pursuant to section 25403 of the Corporate Securities Law of 1968, any person who controls or induces another person to violate a provision of the Corporate Securities law of 1968, or any person who provides substantial assistance to another person in the violation of the Corporate Securities Law of 1968, shall be liable for the violation. Pursuant to section 25532 of the Corporate Securities Law of 1968, Conestoga Settlement Services, LLC, Conestoga International, LLC, and Michael C. McDermott are hereby ordered to desist and refrain from effecting any transaction in, or inducing or attempting to induce the purchase or sale of, any security in this state, unless and until they have applied for and secured from the Commissioner a certificate, then in effect, authorizing them to act in that capacity, or unless otherwise exempt.

In addition, the Commissioner is of the opinion that the securities in the form of life settlement contracts were offered and sold in this State by means of written and oral communications, which omitted 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, in violation of section 25401 of the Corporate Securities law of 1968. Pursuant to section 25532 of the Corporate Securities Law of 1968, Conestoga Settlement Services, LLC, Conestoga International, LLC and Michael C. McDermott are hereby ordered to desist and refrain from offering or selling or buying or offering to

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buy any security in the State of California including, but not limited to, life settlement contracts, by means of any written or oral communication which includes an untrue statement of a material fact or omits 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.

This order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

Dated: February 6, 2013

JAN LYNN OWEN
California Corporations Commissioner

By_____

Mary Ann Smith
Deputy Commissioner
Enforcement Division

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