

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of Robert Woodward,)
)
 Respondent)

CONSENT ORDER

.....
The North Dakota Securities Commissioner has advised the respondent, Robert Woodward, that the Commissioner is prepared to commence formal action pursuant to North Dakota Century Code Chapter 10-04 based upon the following:

1. Respondent is an insurance salesman who is not now and has never been registered as a securities agent in North Dakota, nor is respondent qualified to be registered as a securities agent in North Dakota.
2. From 1997 to 1998, respondent solicited 16 North Dakota residents to purchase viatical settlement contracts sold by American Benefits Group. Among those contracts is a contract purchased by Margaret and Frank Sturn (Complainant). The Securities Commissioner contends that the contract in question is an investment contract, and therefore a security under North Dakota law. Respondent denies this contention.
3. These viatical settlement contracts were not registered as securities in North Dakota. Further, these securities were not exempt pursuant to section 10-04-05 N.D.C.C., nor were they sold through exempt transactions under section 10-04-06 N.D.C.C.
4. Pursuant to section 10-04-04 N.D.C.C., no person may sell securities in North Dakota unless those securities are registered, exempt from registration pursuant to section 10-04-05 N.D.C.C., or sold through exempt transactions under section 10-04-06 N.D.C.C.
5. Pursuant to section 10-04-10 N.D.C.C., no agent may offer for sale or sell any securities within or from this state, unless registered as an agent in North Dakota, unless the securities are sold through exempt transactions under section 10-04-06 N.D.C.C.
6. Pursuant to section 10-04-16 N.D.C.C., when it shall appear to the Commissioner that any person has engaged in, or is engaging in, or is about to engage in any act or practice which is declared illegal in this chapter, the Commissioner may issue any order and collect civil penalties against any person found in an administrative action to have violated any provision of the chapter in an amount not to exceed \$10,000 for each violation.

7. The violations described above are sufficient grounds for the Commissioner to assess civil penalties against respondent pursuant to section 10-04-16 N.D.C.C.

8. Respondent acknowledges his right to a hearing on this matter and waives this right to a hearing and to present arguments to the Commissioner.

9. Respondent agrees to resolve this matter with the Securities Commissioner by this Consent Order.

10. The parties agree that the following Order is necessary and appropriate in the public interest.

NOW, THEREFORE, IT IS ORDERED, THAT:

1. Respondent shall not transact any securities business with any person in North Dakota unless respondent is registered as an agent, and conducting business through a registered broker/dealer, or properly exempted under Chapter 10-04 N.D.C.C.

2. Respondent is hereby assessed a civil penalty of \$5,000 to the Office of the Securities Commissioner pursuant to NDCC §10-04-16. This civil penalty is based on the sale of the viatical settlement contract to complainant, and the Securities Commissioner reserves the authority to assess additional civil penalties based on viatical settlement sales to other North Dakota residents, or based on any other securities law violations, whether currently known or unknown. The civil penalty assessed above is suspended, but shall be due and payable within ten days of the occurrence of any of the following:

a. Respondent fails to timely pay all insurance premiums, as they come due, for the complainant's portion of each life insurance policy that underlies the viatical settlement contract sold to complainant. Respondent shall report to the Securities Commissioner semi-annually on the status of the viatical settlement contract sold to complainant.

b. Respondent fails to make a semi-annual report to the Securities Commissioner as required in provision 2(a) above.

3. When the viatical settlement contract sold to complainant is paid off in full, all civil penalties assessed and suspended shall be vacated. In the event that the viatical settlement contract lapses because other owners of the viatical settlement contract have failed to pay their portion of the premiums when due, then, all civil penalties assessed and suspended shall be vacated.

4. To the extent that any civil penalties were made due and payable pursuant to the provisions of paragraph 2 above, such penalties shall remain due and payable despite resolution of the underlying Viatical Settlement contracts.

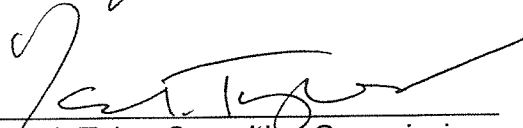
5. If any North Dakota resident complains to the Commissioner regarding viatical settlement contract sales made by respondent as briefly described in paragraph 2 on the first page of this Consent Order, respondent shall enter into a Consent Order with the Commissioner, substantially similar to the present Consent Order, to resolve the complaint.

6. If any North Dakota resident complains to the respondent regarding viatical settlement contract sales made by respondent as briefly described in paragraph 2 on the first page of this Consent Order, respondent shall advise the Commissioner of the complaint and shall be subject to the provisions of paragraph 5 directly above.

7. This Order shall be effective upon signature of the Commissioner.

Signed and Sealed this 12th day of May, 2003.





Karen J. Tyler, Securities Commissioner
Office of the Securities Commissioner
State Capitol-5th Floor
600 East Boulevard Ave.
Bismarck, ND 58505-0510
(701) 328-2910

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

BEFORE THE
SECURITIES COMMISSIONER

In the Matter of Robert Woodward,)
)
 Respondent)

**CONSENT TO ENTRY
OF ORDER**

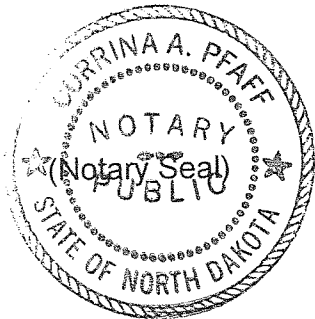
.....
Robert Woodward, the undersigned, states that he has read the foregoing Consent Order and that he knows and fully understand its contents and effects. He further states that he is executing this Consent to Entry of Order in his personal capacity. He acknowledges that he has waived his rights to a hearing with respect to this matter, and that he consents to entry of the Consent Order by the Securities Commissioner.

It is further expressly understood that the Consent Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either expressed or implied.

Dated this 29TH day of April, 2003.

Robert Woodward
Robert Woodward
101 E. Front Avenue, Suite 100
P. O. Box 2298
Bismarck, ND 58502-2298

Subscribed and Sworn before me this 29 day of April, 2003.



Curry A. Pfaff
Notary Public
State: ND County: _____
My Commission Expires: 10-28-04