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STATE OF IDAHO
COUNTY OF BOUNDARY
GLENDA POSTON, CLERK
BY _____
DEPUTY CLERK

**IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
OF THE STATE OF IDAHO, IN AND FOR BOUNDARY COUNTY**

STATE OF IDAHO, DEPARTMENT OF
FINANCE, SECURITIES BUREAU,

Plaintiff,

vs.

KIP HARTMAN,

Defendant.

Case No. CV 2012-0375

**STIPULATION AND CONSENT TO ENTRY
OF JUDGMENT AND PERMANENT
INJUNCTION**

Plaintiff, the State of Idaho, Department of Finance (“Department”), and Defendant, Kip Hartman (“Hartman”), have agreed to entry of judgment against said Defendant, pursuant to the following stipulation. The Department and Hartman request this Court to enter judgment in the form and substance set forth in the Stipulated Judgment and Permanent Injunction (“Judgment”) filed concurrently herewith. In the event the Judgment is not entered pursuant to this Stipulation, this Stipulation shall be of no effect whatever, and the making of this Stipulation shall be without prejudice to any party in this or any other proceeding. By signing and entering into this

Stipulation, Hartman waives his rights to a hearing and/or trial on the alleged violations in the Complaint.

PLAINTIFF'S ALLEGATIONS

The Department alleges that Hartman solicited investors to invest in securities in an approximate aggregate amount of at least four hundred thirty-nine thousand eight hundred eighty-two dollars and thirty-one cents (\$439,882.31). Hartman enticed clients by asserting that he was able to help them make better decisions about their finances because he worked with their attorneys and accountants, as a team. Hartman encouraged his clients to invest, and helped them invest, into life settlement contracts referred to as the "Re-Sale Life Insurance Policy Program," through a company called Retirement Value, LLC. Hartman was compensated for selling these life settlement contracts. Despite demand, investors have been unable to obtain return of their invested monies.

Hartman violated the antifraud sections of Idaho's Uniform Securities Act (2004) by misrepresenting the investment and by omitting material information from the investor solicitations. Hartman failed to register these securities, and Hartman failed to register as a securities broker-dealer or agent, as required by law. Further, Hartman failed to register as an investment advisor, as required by law.

STIPULATION

The Department and Defendant Kip Hartman hereby stipulate and agree to the facts, conclusions of law, terms and conditions set forth in herein.

1. Pursuant to Idaho Code § 30-14-603, Hartman agrees to the following:

a. In the case of the securities that were offered to Idaho residents, Hartman neither admits nor denies that he transacted business in Idaho as an agent of a broker-dealer or of an

issuer and that he failed to register as an agent with the Department as required by Idaho Code § 30-14-402(a), both in violation of Idaho Code § 30-14-402(a), but agrees that the Court may enter a finding that he violated these registration provisions.

b. Hartman neither admits nor denies the following allegations of the Department: that Hartman transacted business in Idaho as an investment advisor, and that he failed to register as an investment advisor with the Department as required by Idaho Code § 30-14-403(a), both in violation of Idaho Code § 30-14-403(a); that Hartman made material misrepresentations to Idaho investors and omitted to state material facts to Idaho investors, in violation of the anti-fraud provisions of Idaho Code § 30-14-501(2); and that Hartman engaged in conduct in connection with the offer, sale and purchase of securities which operated as a fraud or deceit upon investors or prospective investors, in violation of Idaho Code § 30-14-501(3) as to each victim.

c. That Hartman will disgorge commissions paid as a result of the sale of the Re-Sale Life Insurance Policy Program to the Department in the amount of forty-nine thousand two hundred thirty-six dollars and eight cents (\$49,236.08), which the Department will hold for the benefit of and deliver to investors, plus the amount of thirty thousand dollars (\$30,000) constituting penalties for the violations listed in the Complaint, for a total judgment in the amount of seventy-nine thousand two hundred thirty-six dollars and eight cents (\$79,236.08). This amount is subject to offset by any amount Hartman pays to the receiver in the *State of Texas vs. Retirement Value et al* case, and the waiver of the penalty amount if Hartman pays the disgorgement amount in full as provided for below. In satisfaction of this amount, subject to the terms below, Hartman will make payments to the Department, as specified next, which the Department will provide to investors as restitution.

d. Hartman will pay the amount of ten thousand dollars (\$10,000) in a lump sum on or before December 15, 2012.

e. Beginning on December 31st, 2013, Hartman will pay one half of the remaining amount, with the balance payable on or before December 31st, 2014.

f. Hartman may prepay any payment, but will continue paying until he has paid the total sum of thirty-five thousand dollars (\$35,000), after which his payments will cease.

g. If Hartman fails to make any payment on time, Hartman shall be immediately liable for the full amount of the disgorgement and penalties ordered by the court (\$79,236.08). Time is of the essence for such payments, and the parties specifically agree that failure to make a payment on time is a material breach of this Stipulation and the agreements embodied herein. If Hartman fails to make a payment on time, the Department may immediately commence enforcement of the Judgment. Hartman is not entitled to notice of breach by the Department. The Department will not waive or extend the payment dates for any reason, unless it chooses to do so in its sole discretion, in which case it will do so only in a writing signed by all parties.

h. Hartman will provide the Department with a complete and accurate affidavit of net worth. If Hartman fails to completely identify all assets, income, and anticipated income (such as an inheritance), or if Hartman overstates expenses or liabilities, the Department shall be entitled to rescind any satisfaction of judgment it may have filed and immediately commence collection under this Stipulation and for the full amount of the related Judgment (\$79,236.08), less any amounts Hartman may have paid to the Department or the Texas receiver pursuant to the Stipulation.

i. That Hartman consents to the Court's entry of the Judgment filed concurrently herewith, enjoining Hartman from future violations of Idaho's Uniform Securities Act.

j. The Department shall not be required to provide Hartman notice of, nor shall Hartman object to, any request for a renewal of the Judgment, filed concurrently herewith, under Idaho Code § 10-1111.

k. Hartman agrees and consents that the Department may obtain credit reports as necessary to assist in collecting amounts owed under this Stipulation and associated Judgment. Hartman further agrees that the Department may obtain federal and state tax returns for the purpose of collecting sums due pursuant to this stipulation, and hereby assigns to the Department on behalf of investors all federal and state tax returns to be applied in satisfaction of sums due hereunder. The rights granted to the Department under this paragraph will cease upon the Department filing a satisfaction of judgments as set forth in paragraph 2.b. below. These rights will reanimate and become operative in aid of paragraph 2.c. below.

l. Hartman waives any applicable statutes of limitation.

m. Hartman agrees to bear his own attorney fees and costs in this action.

2. The Department agrees to the following:

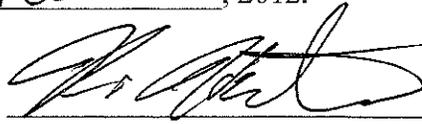
a. That Counts One through Five of the Complaint and the actions giving rise to Counts One through Five are merged into this Stipulation and the associated Judgment, and the terms of this Stipulation and the associated Judgment shall be the Department's sole remedy for the violations giving rise to the Complaint.

b. That upon receipt of the amount thirty-five thousand dollars under the payment schedule set forth above, the Department will file a satisfaction of judgment fully satisfying the judgment amount.

c. During the pendency of the payment plan, as long as Hartman is in full compliance with the plan, including frequency and timing of payments, the Department will take no action to collect on the judgment, other than to record the judgment.

d. The Department agrees to forgo any claim for costs, attorney fees, and reimbursement for investigative efforts in this action pursuant to Idaho Code § 30-14-603(b)(2)(C).

DATED this 13 day of Dec, 2012.

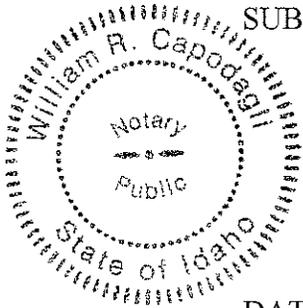


Kip Harman
Defendant

SUBSCRIBED AND SWORN to before me this 13 day of December, 2012.



Notary Public
Residing at: 320 N 27th Sandpoint ID
My Comm. Exp.: 5-11-18



DATED this 27th day of December, 2012.



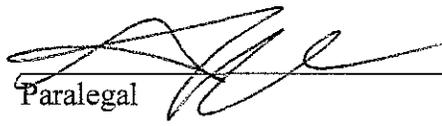
Marilyn T. Chastain
Securities Bureau Chief
State of Idaho, Department of Finance

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 4th day of January, 2013, I served a true and correct copy of the foregoing STIPULATION AND CONSENT TO ENTRY OF JUDGMENT AND PERMANENT INJUNCTION upon the following by the designated means:

Kip Hartman
275 Sweetwater Rd.
Bonners Ferry, ID 83805

- U.S. Mail, postage prepaid
- Certified mail
- Facsimile:
- Hand delivery



Paralegal