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CLERK DISTRICT COURT

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

STATE OF IDAHO, DEPARTMENT OF
FINANCE, SECURITIES BUREAU,

Plaintiff,

vs.

KENNETH PATRICK PETTICOLAS,

Defendant.

Case No. CV 2012-7217

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

Plaintiff, the State of Idaho, Department of Finance ("Department"), and Defendant, Kenneth Patrick Petticolas ("Petticolas"), have agreed to entry of judgment against said Defendant, pursuant to the following stipulation. The Department and Petticolas 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, Petticolas waives his rights to a hearing and/or trial on the alleged violations in the Complaint.

PLAINTIFF'S ALLEGATIONS

The Department alleges that Petticolas solicited investors to invest in securities in an approximate aggregate amount of at least four hundred fifty-five thousand nine hundred twenty-five dollars (\$455,925). Petticolas encouraged one (1) client, a married couple (the "investors"), to invest, and helped that client invest into life settlement contracts, referred to as the "Re-Sale Life Insurance Policy Program," through a company called Retirement Value, LLC. Petticolas was compensated for selling six (6) of these life settlement contracts.

The Retirement Value Re-Sale Life Insurance Policy Program was a security under Idaho Law and said securities were not registered as required by law when Petticolas offered and sold them. Further, these securities were not held or offered by the broker he was associated with and he did not give his broker notice of the offer and sale. Thus, his offer and sale of these securities were outside the scope of his regular employment with that broker. Petticolas was compensated for the offer and sale of these securities, thereby constituting selling away in violation of Idaho Administrative Procedure Act Rule 12.01.08.104.46 and Idaho Code § 30-14-501(3).

STIPULATION

The Department and Defendant Kenneth Petticolas 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, Petticolas agrees to the following:
 - a. Petticolas admits that he sold life settlement contracts and that such contracts were not registered with the Department as required by Idaho Code § 30-14-301.

b. Petticolas neither admits nor denies that he engaged in selling away under the Idaho Administrative Procedures Act section 12.01.08, Rule 104.46, in violation of Idaho Code § 30-14-501(3).

c. Petticolas will disgorge commissions paid as a result of the sale of the Re-Sale Life Insurance Policy Program in the amount of fifty thousand one hundred fifty-one dollars and seventy-five cents (\$50,151.75), which the Department will hold for the benefit of and deliver to investors as restitution. Petticolas will also be assessed a twenty thousand dollars (\$20,000) penalty, for a total judgment in the amount of seventy thousand one hundred fifty-one dollars and seventy-five cents (\$70,151.75). In satisfaction of this amount, subject to the terms below, Petticolas will make payments to the Department, as specified next.

d. Beginning on June 1, 2013, and continuing every month for 59 months, Petticolas will pay by the first day of the month eight hundred thirty-six dollars (\$836.00). On the 60th month, Petticolas will pay eight hundred twenty-seven dollars and seventy-five cents (\$827.75). No interest will accrue on amounts owed so long as Petticolas is current on his payments.

e. Petticolas may prepay any payment, but will continue paying until he has paid the total sum of fifty thousand one hundred fifty-one dollars and seventy-five cents (\$50,151.75). If the total sum of \$50,151.75 is paid on or before the due date, May 31, 2018, the Department will waive the twenty thousand dollars (\$20,000) penalty, and the judgment will be automatically be deemed fully satisfied.

f. If Petticolas fails to make any payment on time, Petticolas shall be immediately liable for the remaining amount owing under the Judgment. 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 Petticolas fails to make a payment on time, the Department may immediately commence enforcement of the remaining amount owing under the Judgment. Petticolas 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. The Department's failure to send notice of a late payment shall not constitute waiver of any term in this Stipulation.

g. That Petticolas consents to the Court's entry of the Judgment filed concurrently herewith, permanently enjoining Petticolas from future violations of Idaho's Uniform Securities Act, and enjoining him from selling securities in Idaho until such time as he has paid the total sum of fifty thousand one hundred fifty-one dollars and seventy-five cents (\$50,151.75).

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

i. Petticolas agrees and consents that the Department may obtain credit reports as necessary to assist in collecting amounts owed under this Stipulation and associated Judgment. Petticolas 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. The rights in

this paragraph will become operative only if Petticolas defaults on any of the terms of this Stipulation.

j. Petticolas waives any applicable statutes of limitation.

k. Petticolas agrees to bear his own attorney fees and costs in this action.

2. The Department agrees to the following:

a. That Counts One and Two of the Complaint and the actions giving rise to Counts One and Two 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 of fifty thousand one hundred fifty-one dollars and seventy-five cents (\$50,151.75) no later than May 31, 2018 pursuant to the payment schedule set forth in 1.d. or upon the earliest date such amount is received, the Department will file a satisfaction of judgment fully satisfying the Judgment.

c. During the pendency of the payment plan, as long as Petticolas 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.

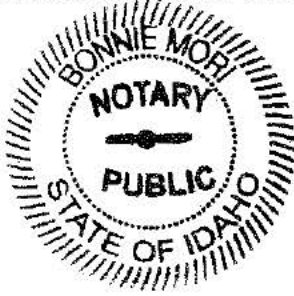
d. The Department agrees to forgo any claim for costs, attorney fees, and reimbursement for investigative efforts in this action pursuant to Idaho Code § 30-14-603(b)(2)(C).

DATED this 26 day of April, 2013.



Kenneth Patrick Petticolas

SUBSCRIBED AND SWORN to before me this 26th day of April, 2013.



Bonnie Mori
Notary Public
Residing at: Coeur d'Alene
My Comm. Exp.: 12/8/15

APPROVED AS TO FORM AND CONTENT.

DATED this 29th day of April, 2013.

Ronald Landeck
Ronald Landeck
LANDECK & FORSETH
Counsel for Defendant

DATED this 3RD day of May, 2013.

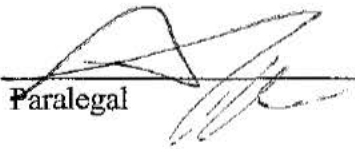
Marilyn T. Chastain
Marilyn T. Chastain
Securities Bureau Chief
State of Idaho, Department of Finance

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 3rd day of May, 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:

Danelle C. Forseth
LANDECK & FORSETH
PO Box 9344
Moscow, ID 83843

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



Paralegal