

### SETTLEMENT AGREEMENT

WHEREAS, on May 9, 2013, the Idaho Department of Finance, Securities Bureau, (Department) obtained a Stipulated Judgment and Permanent Injunction against Kenneth Patrick Petticolas (Petticolas) in the amount of seventy thousand one hundred fifty-one dollars and seventy-five cents (\$70,151.75), First District Court case number CV 2012-7217; and

WHEREAS, on May 3, 2013 the Department and Petticolas executed a Stipulation that provided for certain payment terms in satisfaction of the Stipulated Judgment and Permanent Injunction, and

WHEREAS, Petticolas has been financially unable to satisfy the payment terms in the Stipulation, and

WHEREAS, The Department and Petticolas desire to modify the payment arrangement agreed to in the Stipulation;

NOW, THEREFORE, the Idaho Department of Finance, Securities Bureau, (Department), and Kenneth Patrick Petticolas (Petticolas), in consideration of the mutual promises contained herein, hereby agree as follows:

a. The terms of the Stipulation are incorporated into this Settlement Agreement (Agreement) as if fully set forth. The Stipulation and Agreement are to be construed together and be considered as one integrated agreement. To the extent that the terms of the Stipulation and this Agreement do not agree, the terms in this Agreement shall control. This Agreement is intended to satisfy the written modification requirement stated in paragraph 1.f. of the Stipulation.

b. Beginning on November 1, 2013, Petticolas will pay the sum of one hundred dollars (\$100) per month every month for a period of two months.

c. Beginning on January 1, 2014, Petticolas will pay the sum of eight hundred thirty-six dollars (\$836.00) per month every month for a period of fifty-eight months.

d. On the 59<sup>th</sup> month after January 1, 2014, Petticolas will pay the sum of six hundred twenty-seven dollars and seventy-five cents (\$627.75).

e. The Department acknowledges receipt of the sum of eight hundred thirty-six dollars (\$836.00) paid by Petticolas in June, 2013 and has applied that in the above payment plan against the total judgment amount.

f. The Department waives any prior breach of the Stipulation, though it will not waive any breach occurring after the execution of this Agreement.

g. If the total sum of \$50,151.75 is paid on or before November 30, 2018, the Department will waive the twenty thousand dollars (\$20,000) penalty, and the judgment will be automatically be deemed fully satisfied.

h. Petticolas acknowledges that over time employees of the Department will come and go and employees working at the time this Agreement is fully satisfied may not be immediately familiar with all its terms, including the Department's duty to file the Satisfaction of Judgment. In such event, Petticolas agrees to notify the Department that he has satisfied all required terms and that the Department must file the Satisfaction of Judgment. Petticolas agrees to allow the Department a reasonable period of time to make inquiry, verify the terms of this agreement, and prepare and file the Satisfaction of Judgment.

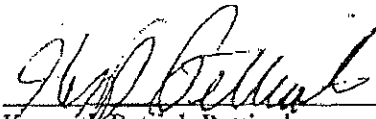
i. This Agreement will be construed according to the laws of the state of Idaho.

j. This Agreement, including the terms of the Stipulation incorporated herein as provided above, represents the Parties' entire understanding regarding the subject matter herein. None of the terms of this Agreement can be waived or modified, except by an express agreement signed by the Parties. There are no representations, promises, warranties, covenants, or


undertakings between the Parties other than those expressly set forth in this Agreement and the incorporated Stipulation.

k. Should any part of this Agreement be rendered or declared invalid by a court of competent jurisdiction of the State of Idaho, the remaining terms of this Agreement and the incorporated Stipulation will remain in full force and effect.

DATED this 22 day of OCT, 2013.

  
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Kenneth Patrick Petticolas

DATED this 22 day of OCT, 2013.

  
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MARILYN T. CHASTAIN  
Securities Bureau Chief  
State of Idaho, Department of Finance