

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF:)
CONSOLIDATED WEALTH HOLDINGS, INC.,)
CONSOLIDATED WEALTH MANAGEMENT, LLC,)
JOHN SPALDING, and LAURA SPALDING)
_____)

Case No.0800509

NOTICE OF HEARING

TO THE RESPONDENTS:

CONSOLIDATED WEALTH
HOLDINGS, INC.
5300 MEMORIAL DRIVE
SUITE 970
HOUSTON, TX 77007-8273

CONSOLIDATED WEALTH
MANAGEMENT, LLC.
5300 MEMORIAL DRIVE
SUITE 970
HOUSTON, TX 77007-8273

JOHN SPALDING
5300 MEMORIAL DRIVE
SUITE 970
HOSTON, TX 77007-8273

LAURA SPALDING
5300 MEMORIAL DRIVE
SUITE 970
HOSTON, TX 77007-8273

Counsel for Respondents:
Stinson Morrison Heckler, LLP
1201 Walnut
Suite 2900
Kansas City, MO 64106-2150

You are hereby notified that, pursuant to Section 11.F of the Illinois Securities Law of 1953 (815 ILCS 5/1, *et seq.*) (the "Act") and 14 Ill. Adm. Code 130, Subpart K (the "Rules"), a public hearing is scheduled to be held at 69 W. Washington Street, Suite 1220, Chicago, Illinois 60602, on the 10th day of May, 2012 at 10:00 a.m., or as soon thereafter as counsel may be heard, before Soula Spyropoulos, Esq., or another duly designated Hearing Officer of the Secretary of State.

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Said hearing will be held to determine whether an Order shall be entered Finding Respondent Consolidated Wealth Management and Consolidated Wealth Holdings in violation of the Act and granting such other relief as may be authorized under the Act including but not limited to the imposition of a monetary fine in the maximum amount of \$10,000.00 per violation pursuant to Section 11.F of the Act, for each and every violation, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

1. Consolidated Wealth Management, LLC. ("CWM") is a Texan corporate entity doing business from 5300 Memorial Drive, Suite 970 in Houston, Texas, 77007. CWM's business involves, among other things, the creation of life settlements and resale to the secondary market. Consolidated Wealth Holdings, Inc. ("CWH") is a Missouri corporate entity that operates from the same location as CWM and acts as the holding company for CWM's assets.
2. Respondent John Spalding is a founder of and principal for CWH and CWM. John Spalding is domiciled in Texas.
3. Respondent Laura Spalding is a founder of and principal for CWH and CWM.
4. CWH is in the business of creating and managing Life Settlements, and offering and selling them to the public as investment vehicles.

Failure to Register

5. A life settlement, also known as a viatical settlement, is a financial investment transaction in which a third party (the issuer) purchases a life insurance policy from the policy owner (the seller) for more than the policy's cash surrender value. The issuer becomes the beneficiary of the seller's insurance policy and finds an investor, or group of investors, that invest in the policy for the promise of annual compound interest on the investment to be paid along with the principal upon either the death of the seller or, in some contracts, on the seller's life expectancy date, whichever occurs first.
6. In Illinois a life settlement contract constitutes an Investment Contract, and therefore, a security, pursuant to Section 2.1 of the Illinois Securities Law of 1953. 815 ILCS 5/1 *et seq.* (the "Act").
7. CWH, through John Spalding, Laura Spalding, and its agents, made "offers" and "sales" of its Life Settlements to persons residing in Illinois, as those terms are defined in Sections 2.5a and 2.5 of the Act.

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8. At least thirty Life Settlements have been sold in Illinois in the past five years by Respondents' agents.
9. Section 5 of the Act requires all securities that are offered or sold in Illinois to be registered with the Illinois Secretary of State prior to their offer or sale in Illinois.
10. Section 12.A of the Act provides it shall be a violation of the provisions of the Act for any person to offer or sell any security except in accordance with the provisions of this Act.
11. Section 12. D of the Act provides that it shall be a violation of the provisions of the Act for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of the Act.
12. CWH's Life Settlements were not registered with the Illinois Secretary of State.
13. Respondents have violated Sections 12.A and D of the Act for failing to register the above-described securities with the Illinois Secretary of State.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this Notice. A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

ENTERED : This 21st day of February, 2012.



Jason Chronopoulos
Enforcement Attorney
Illinois Securities Department
69 West Washington Street, Suite 1220
Chicago, Illinois 60602

JESSE WHITE
Secretary of State
State of Illinois