

**STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT**

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

**Case No.0800509**

**CONSENT ORDER**

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

WHEREAS, on February 21, 2012, a Notice of Hearing was entered against Respondents Consolidated Wealth Holdings, Inc., Consolidated Wealth Management, LLC, John Spalding and Laura Spalding ("Respondents") alleging that Respondents sold unregistered securities in Illinois.

WHEREAS, Respondents desire to resolve this matter without the expense and uncertainty of prolonged litigation;

WHEREAS, on or about June 4, 2013, Respondents signed and entered a Stipulation to Enter Consent Order which is incorporated by reference herein;

WHEREAS, Respondents have admitted to the jurisdiction of the Secretary of State in this matter and has consented to the entry of this Consent Order ("Consent Order");

WHEREAS, Respondents have agreed to register their product through an applicable exemption in Illinois and to pay the late registration fee.

WHEREAS, Respondents acknowledge, while neither admitting nor denying the truth thereof, that the following allegations shall be adopted as the Secretary of State's Findings of Fact:

1. Consolidated Wealth Management, LLC ("CWM") is a Texas 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. CWH has not conducted any business since on or about January 2009.
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, but stopped conducting new business on or about January 2009.
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 targeted 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. Respondents, through its agents and independent contractors, sold their life settlements in Illinois.
7. During the years of 2007 through 2009, Respondents sold approximately 30 life settlements in Illinois.
8. 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.
9. 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
10. 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.
11. CWH's Life Settlements were not registered with the Illinois Secretary of State.

12. Respondents did not file an exemption to registration for the life settlements under Section 4.G of the Act and Section 130.440 of the Rules and Regulations Under the Illinois Securities Laws of 1953 (the "Rules"), which provide for the procedures for filing reports of sale under Section 4 G of the Act.

WHEREAS, Respondents have agreed to file the reports of sale under Section 4.G of the Act for each year that their life settlements were sold in Illinois, and pay the applicable filing fee and late filing fee per annum pursuant to Section 130.110 of the Rules.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that this matter may be DISMISSED without further proceedings and that this Consent Order constitutes a final resolution of any administrative action based upon the allegations put forth in the Notice of Hearing as well as the above Findings of Fact, subject to Section 12.D of the Act.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. Within thirty (30) days of entry of this Order Respondents shall file the Section 4.G exemption filings for each year their life settlements were sold in Illinois along with the applicable filing fee and late fees;
2. If the Section 4.G exemption does not apply for any specific year, Respondents shall, within ninety (90) days of entry of this Order, notify the Department in writing and file the applicable registration with the respective filing fees and late fees

ENTERED: This 25<sup>th</sup> day of June, 2013.

Attorney for the Department:  
Jason Chronopoulos  
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Suite 1220  
Chicago, IL  
JChronopoulos@ILSOS.net

  
\_\_\_\_\_  
JESSE WHITE  
Secretary of State  
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the ACT. Any person or entity that fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony for each offense.

**This is a final order subject to administrative review pursuant to the Administrative Review Law (735 ILCS 5/3-101 *et seq.*) and the Rules and Regulations of the Act (14 Ill. Admin. Code, Ch. 1 Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.**