

Consent Order

-1300343-

2. Respondent Garrett "Gary" Rhodes ("Rhodes") is an Illinois resident with the last known address of 2504 S. Veterans Drive, Effingham, IL 62401. Respondent Rhodes is the founder and managing member of Respondent 72Vest, and currently holds an Insurance license with the State of Illinois to offer health and life insurance products.
3. Beginning in or around May 2009, Respondent Rhodes, through his company Respondent 72Vest, began offering and selling investments in "life settlement contracts" which were being issued by Life Partners Incorporated ("Life Partners").
4. A "Life Settlement" which is defined by the Life Insurance Settlement Foundation (LISA) as "the sale of a life insurance policy to a third party for a value in excess of the policy's cash surrender value, but less than its face value, or death benefit. A policy owner receives a cash payment, while the purchaser of the policy assumes all future premium payments and receives the death benefit upon the death of the insured."
5. In Illinois, Life Settlements are considered financial investment transactions and therefore constitute a security as those terms are defined in Sections 2.1, 2.5, 2.5a and 3.L of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq.*] (the "Act").
6. Respondents 72Vest and Rhodes entered into a contract becoming licensees of Life Partners, thereby offering life settlement contracts to Illinois investors in return for a 7% commission fee.
7. Respondents 72Vest and Rhodes disseminated materials and information provided by Life Partners to prospective clients between 2009 and 2015, which contained information relating to the life settlement contracts issued by Life Partners.
8. In 2014 the United States District Court of the Western District of Texas in *SEC v. Life Partner Holdings, LLC* 71 F.Supp.3d 615 (2014) found that Life Partners had violated Section 13(a) of the Securities and Exchange Act of 1934, resulting from Life Partners depriving the investing public of the information it needed to make a fully informed decision about whether to invest in Life Partners.
9. Respondent 72Vest and Rhodes as licensees of Life Partners provided customers with information which deprived them of information needed to make a fully informed decision about whether to invest with Life Partners.
10. Section 12.H of the Act states *inter alia* that it shall be a violation of this Act for any person to sign or circulate any statement, prospectus, or other paper or document required by any provision of this Act or pertaining to any security knowing or having reasonable grounds to know any material representation therein contained to be false or untrue.
11. As stated in paragraph 5 above, life settlement contracts offered and sold by Respondents 72Vest and Rhodes are securities and are therefore required to be registered or notice filed with the Secretary of State of Illinois.

12. No such registration or filing was received by the Illinois Secretary of State by either Life Partners or Respondents 72Vest and Rhodes.
13. Section 12.B of the Act states *inter alia* that it shall be a violation of the provisions of this Act for any person to deliver to a purchaser any security required to be registered under Section 5, Section 6, or Section 7 hereof unless accompanied or preceded by a prospectus that meets the requirements of the pertinent subsection of Section 5, Section 6, and Section 7.
14. Section 12.D of the Act states *inter alia* that it shall be a violation of the provisions of this 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 this Act or any rule or regulation made by the Secretary of State pursuant to this Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.
15. Section 8.A of the Act states that every dealer, salesperson, investment adviser and investment adviser representative be registered as such with the Secretary of State of Illinois.
16. Respondents 72Vest and Rhodes maintain a website www.72vest.com where Respondent Rhodes holds himself out as an "alternative investment adviser." Moreover, as a licensee of Life Partners, Respondents acted as salespersons within the State of Illinois offering investments in life settlements in return for 7% commission fees.
17. Respondents 72Vest and Rhodes have never filed any registration with the Illinois Secretary of State as a dealer, salesperson, investment adviser or investment adviser representative.
18. Section 12.C of the Act states *inter alia* that it shall be a violation of the provisions of this Act for any person to act as a dealer, salesperson, investment adviser or investment adviser representative, unless registered as such, where such registration is required, under the provisions of this Act.

CONCLUSIONS OF LAW

By means of Stipulation, Respondents 72Vest and Rhodes, neither admit nor deny the facts alleged, that this Consent Order is a settlement of a disputed action brought by the Secretary of State, Securities Department. Nothing herein shall constitute an admission of fact or law by any party. Respondents 72Vest and Rhodes submit to the jurisdiction of the Secretary of State, and acknowledge that the following shall be adopted as the Secretary of State's Conclusions of Law:

1. Respondents 72Vest and Rhodes have each violated Sections 12.B, 12.C, 12.D, and 12.H of the Illinois Securities Law of 1953.

UNDERTAKINGS

WHEREAS, by means of the Stipulation, Respondents 72Vest and Rhodes have acknowledged and agreed to the following:

1. Permanently cease and desist all sales of life settlement contracts and other such viaticals.
2. To refrain from the offer and sale of both public and private securities in or from the State of Illinois for a period of three (3) years, effective as of the date of this Consent Order; and shall not offer or sell any securities in or from the State of Illinois unless they are registered to do so with the State of Illinois.
3. To refrain from engaging in the business of investment adviser and/or investment adviser representative in or from the State of Illinois for a period of three (3) years effective as of the date of this Consent Order, and shall seek registration before engaging in the business of investment adviser and/or investment adviser representative in or from the State of Illinois in accordance with the Illinois Securities Law of 1953.
4. To remove any use of the term "investment adviser," as highlighted in paragraph 16 above, from any website, business card, pamphlet or advertisement unless and until Respondents have registered as such with the Illinois Secretary of State.
5. To collectively pay a fine of \$5,000 made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund located at 69 West Washington, Suite 1220, Chicago, IL 60602 and referencing case # 1300343 within 15 business days of the entry of this Consent Order.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. Respondent **72Vest Level Three, LLC** shall be permanently **PROHIBITED** from the offer or sale of life settlement contracts and/or viaticals in or from the State of Illinois effective August 24, 2016.
2. Respondent **72Vest Level Three, LLC** shall be **PROHIBITED** from the offer and sale of private and public securities in or from the State of Illinois for a period of three (3) years effective August 24, 2016, and shall seek registration before offering or selling securities in or from the State of Illinois in accordance with the Illinois Securities Law of 1953.
3. Respondent **72Vest Level Three, LLC** shall be **PROHIBITED** from engaging in the business of investment adviser in or from the State of Illinois for a period of three (3) years effective August 24, 2016, and shall seek registration before engaging in the

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business of investment adviser in or from the State of Illinois in accordance with the Illinois Securities Law of 1953.

4. **Respondent 72Vest Level Three, LLC** shall cease and desist any use of the term “investment adviser” from any website, business card, pamphlet or advertisement unless registered as such with the Secretary of State of Illinois.
5. **Respondent Garrett “Gary” Rhodes** shall be permanently PROHIBITED from the offer or sale of life settlement contracts and/or viaticals in or from the State of Illinois effective August 24, 2016.
6. **Respondent Garrett “Gary” Rhodes** shall be PROHIBITED from the offer and sale of private and public securities in or from the State of Illinois for a period of three (3) years effective August 24, 2016, and shall seek registration before offering or selling securities in or from the State of Illinois in accordance with the Illinois Securities Law of 1953.
7. **Respondent Garrett “Gary” Rhodes** shall be PROHIBITED from engaging in the business of investment adviser or investment adviser representative in or from the State of Illinois for a period of three (3) years effective August 24, 2016, and shall seek registration before engaging in the business of investment adviser or investment adviser representative in or from the State of Illinois in accordance with the Illinois Securities Law of 1953.
8. **Respondent Garrett “Gary” Rhodes** shall cease and desist any use of the term “investment adviser” from any website, business card, pamphlet or advertisement unless registered as such with the Secretary of State of Illinois.
9. **Respondent 72Vest Level Three, LLC and Respondent Garrett “Gary” Rhodes** collectively shall pay a fine of \$5,000 made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund located at 69 West Washington, Suite 1220, Chicago, IL 60602 and referencing case # 1300343 within 15 business days of the entry of this Consent Order.

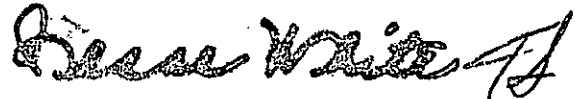
The Notice of Hearing dated August 19, 2016, will be dismissed without further proceedings upon full satisfaction of all obligations set forth in this Order.

The entry of this Consent Order ends the Secretary of State, Securities Department’s formal hearing of this matter.

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

Date of Mailing: This 24th day of August, 2016.



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 who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order shall be guilty of a Class 4 Felony.

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 (14 111. Admin. Code, Ch. I, 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.

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