

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10436 / November 14, 2017

SECURITIES EXCHANGE ACT OF 1934
Release No. 82069 / November 14, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-18061

In the Matter of

**RETIREMENT SURETY
LLC, CRESCENDO
FINANCIAL LLC, THOMAS
ROSE, DAVID LEEMAN,
AND DAVID
FEATHERSTONE,**

Respondents.

**ORDER MAKING FINDINGS,
IMPOSING REMEDIAL SANCTIONS
AND A CEASE-AND-DESIST ORDER
PURSUANT TO SECTION 8A OF
THE SECURITIES ACT OF 1933,
SECTIONS 15(b) AND 21C OF THE
SECURITIES EXCHANGE ACT OF
1934, AND ORDERING
CONTINUATION OF THE
PROCEEDINGS**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest to enter as to Retirement Surety LLC, Crescendo Financial LLC, Thomas Rose, David Leeman, and David Featherstone (together “Respondents”) this Order Making Findings, Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), Ordering Continuation of the Proceedings.¹

II.

Respondents have each submitted an Offer of Settlement (the “Offers”), each of which the Commission has determined to accept. Solely for purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the

¹ On July 6, 2017, the Commission instituted administrative and cease-and-desist proceedings pursuant to Section 8A of the Securities Act, Sections 15(b) and 21C of the Exchange Act, and Section 9(b) of the Investment Company Act of 1940 against Respondents.

Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section VII, Respondents consent to the entry of this Order Making Findings, Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act, Sections 15(b) and 21C of the Exchange Act, and Ordering Continuation of the Proceedings ("Order"), as set forth below.

III.

On the basis of this Order and the Offers of Respondents, the Commission finds that:

A. RESPONDENTS

1. **Retirement Surety LLC** ("Retirement Surety") is a Texas limited liability company formed on February 5, 2010 and based in Plano, Texas. According to its website, Retirement Surety is a "practicing Christian organization" comprised of a group of "state licensed partners," all from "career[s] outside of the financial services industry" who provide investment advice for retirement planning. From at least 2013 through 2015, Retirement Surety was managed by Respondents David Leeman, Thomas Rose, and David Featherstone, and also Ronald Wills. During that same time period, Randal Wallis was associated with Retirement Surety. Retirement Surety has never been registered as, or associated with, a registered broker-dealer. Retirement Surety is not currently operating or conducting any business.

2. **Crescendo Financial LLC** ("Crescendo") is a Texas limited liability company formed on June 18, 2013 and based in Plano, Texas. Crescendo's sole function was to broker the sale of Verto Notes, and it offered no other products. According to its website, Crescendo is a "practicing Christian organization" comprised of a group of "licensed partners," all from "career[s] outside of the financial services industry" who sell "investments . . . [that] have placed our clients on a new course to reach their financial goals." At all relevant times, Crescendo was managed by Thomas Rose and David Leeman, who along with David Featherstone, Randal Wallis, and Ronald Wills, sold the Verto Notes. Crescendo has never been registered, as or associated with, a registered broker-dealer. Crescendo is not currently operating or conducting any business.

3. **Thomas Edward Rose** ("Rose"), 61, is a resident of Plano, Texas. At all relevant times, Rose was a partner of Retirement Surety and of Crescendo. Rose purports to be licensed as an insurance agent in Texas. Rose does not hold any securities licenses and has never been registered as, or associated with, a registered broker-dealer.

4. **David Philip Leeman** ("Leeman"), 67, is a resident of Dallas, Texas. At all relevant times, Leeman was a partner of Retirement Surety and of Crescendo. Leeman purports to be licensed as an insurance agent in Texas. Leeman does not hold any securities licenses and has never been registered as, or associated with, a registered broker-dealer.

5. **David Featherstone** ("Featherstone"), 70, is a resident of Dallas, Texas. At all relevant times, Featherstone was a partner of Retirement Surety and a

representative of Crescendo Financial. Featherstone purports to have been a licensed insurance agent in Texas when he was selling the Verto Notes. Featherstone does not hold any securities licenses and has never been registered as, or associated with, a registered broker-dealer.

B. OTHER RELEVANT ENTITIES AND INDIVIDUALS

6. **William R. Schantz III** (“Schantz”), 62, resides in Moorestown, New Jersey. Schantz founded and owns several affiliated corporations, none of which are registered with the Commission, including: Verto Capital Management LLC (“Verto”), Senior Settlements LLC (“Senior Settlements”), Mid Atlantic Financial, LLC (“Mid Atlantic”), and Green Leaf Capital Management, LLC (“Green Leaf”). Schantz is not registered with the Commission and is not affiliated with a registered broker-dealer or investment adviser. He was last associated with an NASD member firm in 2000. In 2002, the NASD sanctioned and suspended Schantz for having brokered the sale of unregistered nine-month promissory notes guaranteed by insurance companies without disclosing the sales to the NASD-member firm with which he was associated. In 2006, Schantz entered into a consent order with the New Jersey Bureau of Securities (for the same conduct) and disgorged \$7,000 in commissions he had earned selling the notes.

7. **Randal Wallis** (“Wallis”), 63, is a resident of Pottsboro, Texas. At all relevant times, Wallis was associated with Retirement Surety and a representative of Crescendo Financial. Wallis purports to be licensed as an insurance agent in Texas. Wallis does not hold any securities licenses and has never been registered as, or associated with, a registered broker-dealer.

8. **Ronald Howard Wills** (“Wills”), 71, is a resident of McKinney, Texas. At all relevant times, Wills was a partner of Retirement Surety and a representative of Crescendo Financial. Wills purports to be licensed as an insurance agent in Texas. Wills does not hold any securities licenses and has never been registered as, or associated with, a registered broker-dealer.

9. **Verto** is a Delaware Limited Liability Company that Schantz formed in 2009. Verto is an affiliate of Senior Settlements. Verto issued 7% promissory notes that were sold by Respondents.

10. **Mid Atlantic** is a New Jersey Limited Liability Company that Schantz formed in 2011. Mid Atlantic’s website describes it as a holding company that owns 100% of subsidiaries Verto, Senior Settlements, and Harper Financial, LLC.

11. **Senior Settlements** is a New Jersey limited liability company that Schantz formed in 1998, headquartered in Moorestown, New Jersey. Senior Settlements originates, purchases, and sells life settlements, primarily with life settlement brokers. In a “life settlement” transaction, a life insurance policy owner sells his or her policy to an investor in exchange for a lump sum payment.

C. RESPONDENTS SOLD SECURITIES AS UNREGISTERED BROKERS IN UNREGISTERED TRANSACTIONS

12. From at least November 2013 through November 2015, Verto issued approximately \$12.5 million in Verto Notes to individual investors. Respondents acted as brokers for these sales, selling approximately 162 Verto Notes directly to approximately 82 individual investors and receiving commissions from Verto for each Verto Note sale.

13. In brokering the Verto Note sales, Respondents provided investors with Verto Notes offering materials that described Verto's business and the purpose of the Verto Note Sales. The offering materials stated that "[Verto] is engaged in the business of sourcing, valuing and selecting life insurance policies for resale to investors ('Life Settlements')" and "[t]he Note Amount shall be used by [Verto] for general working capital purposes including but not limited to fund [Verto's] purchase and acquisition of life insurance policies." The offering materials also described Verto's "Trading Strategy" as an investment in a common enterprise for profit: "As policies [sic] come to the secondary market, [Verto], together with its affiliate Senior Settlements, LLC, will seek to identify policies that have significant arbitrage opportunities and look to acquire the policy at significant discounts from the potential resale value" and "[Verto's] ability to make scheduled payments on the Promissory Notes outstanding at any particular time depends on [Verto's] financial condition and operating performance, which is subject to the Issuer successfully executing its trading strategy..."

14. The offering materials provided by the Respondents also described the risks of investing in the Verto Notes. The materials stated that "[i]f [Verto] does not generate profits, [Verto] may be unable to repay all the promissory notes then outstanding upon maturity" and described Verto's "Lack of Operating History," stating "Verto is a recently formed entity and has no meaningful operating or financial history . . ."

15. The offering materials provided by the Respondents to investors also stated that "the repayment of the Promissory Notes is secured by a collateral assignment and pledge of all of the Life Settlements owned by the issuer from time-to-time which includes Life Settlements acquired with the proceeds of the note."

16. Respondents regularly participated in all key points in the chain of sale and distribution of the Verto Notes, including soliciting investors to purchase the Verto Notes, advising investors regarding the Verto Notes, handling all necessary paperwork to effectuate the Verto Notes sales, monitoring and managing repayments to investors, and negotiating and arranging so-called "forbearance agreements" between the Verto Note holders and Verto.

17. Respondents solicited Verto Note investors through Respondents' own radio broadcasts and internet postings, and directly from their pool of existing insurance product clients.

18. On radio shows broadcast on at least two Christian radio networks, some of the Respondents, including Rose and Leeman, described the Verto Note program

and directed radio listeners to the Retirement Surety website. Retirement Surety’s website described the Verto Notes as “A Nine Month, Short-Term Investment with significantly higher returns than CDs or other safe money investments,” and highlighted that the notes were “200% collateralized” by life settlement policies.

19. Similarly, Crescendo’s website touted the Verto Notes as a “Short Term Investment with Superior Returns and Minimal Risk,” explaining, it was a low risk investment and “not a speculative investment influenced by market performance or the economy but rather an investment backed by 200% collateral with a known value.”

20. In addition, Respondents solicited Verto Note purchases through meetings with, and telephone calls and mailings to, Respondents’ pool of previously-existing insurance clients.

21. Respondents earned transaction-based compensation for each Verto Note sale. For each Verto Note that they sold, they earned a 7% commission, 5% of which went to the individual Respondent who sold the note, and 2% of which went to Respondent Crescendo.

22. When Verto was unable to repay investors’ amounts due under the original Verto Notes, the Brokers presented the investors with documents entitled “Forbearance Agreements,” which extended the terms of the Verto Notes. For each Forbearance Agreement, Respondents earned an additional 4% commission (on top of their initial 7% sales commission at the time of issuance). Some investors were presented with second “Forebearance Agreements” for which the Brokers received another 4% commission on the unpaid outstanding balance.

23. Respondents thus earned a total of \$684,250 in commissions through their Verto Note sales: \$565,419 for brokering the initial sales of the Verto Notes, and an additional \$89,279 for later brokering initial Forbearance Agreements (the “First Forbearance”) and an additional \$29,552 for brokering secondary Forbearance Agreements (the “Second Forbearance”) for a number of the same Verto Notes.

24. The following table lists the commissions earned by Respondents Crescendo, Rose, Leeman, and Featherstone from 2013 through 2016 for both the initial Verto Note sales and subsequent forbearance agreements:

Broker	# of Investors	# of Notes Sold	Principal Amount of Notes Sold	Commissions (Issuance)	Commissions (1st Forbearance)	Commissions (2nd Forbearance)	Total Commissions
Crescendo	82	162	\$12,457,636	\$20,612	\$1,610	\$473	\$22,695
Brokers							
Rose	37	70	\$5,064,391	\$217,130	\$63,864	\$16,366	\$297,360
Leeman	24	53	\$4,227,540	\$212,263	\$18,459	\$12,713	\$243,435
Featherstone	8	25	\$2,370,455	\$115,414	\$5,346	\$0	\$120,760

25. In brokering the Verto Note sales, Respondents also expressly held themselves out as financial advisors providing specialized knowledge on investments. In a brochure that they provided to investors, Respondents stated: “Take Control and hit your investment target – Offered through a Crescendo Financial Investment Advisor, www.crescendofinancial.net.” Retirement Surety’s website outlined “five principles for your investments,” and stated “[o]ur clients have never lost a penny of principal!” In subscriber information forms for the Verto Notes, Respondents frequently listed their relationship to the investor as a “Financial Advisor.”

26. The Verto Notes are securities.

27. As early as November 2013, when Respondents began selling the Verto Notes, they expressed concerns to Schantz that the Verto Notes were securities. Respondent Leeman stated on November 15, 2013 that he received a call from another broker who “called to let [Leeman] know that the attorney [the broker] asked to do his due diligence has recommended that he not participate” and “[t]he issue appears to be his opinion that our note is a security.” The Respondents were also aware of the 2006 consent order that Schantz entered into with the New Jersey Bureau of Securities where he consented to disgorge \$7,000 in commissions he earned selling similar nine-month promissory notes backed by insurance obligations. On June 24, 2014, nearly a year into selling the notes, Respondent Leeman wrote to Schantz, copying Respondent Rose, that “In the SEC issue you had for selling Promissory Notes in 2001 as non-securities when the SEC claimed that they were securities, what was the difference between those and what we have? It looks like they were also 9 month notes.”

28. No registration statement was filed or in effect for the offering and sales of Verto Notes, and no valid exemption from registration existed for the Verto Notes offering. At least five of the investors were unaccredited, which Respondents knew because investor paperwork submitted at the time of purchase showed that some investors did not have sufficient income or net worth to qualify as accredited and that the investors did not check the box indicating they were accredited. In addition, Respondents sold Verto Notes to the unaccredited investors without the investors having received the financial information required by Securities Act Rule 502(b)(2) (such as a Verto financial statement). No Form D was filed with the Commission stating that Verto had complied with the exemptions in Rule 506 of the Securities Act.

29. None of the Respondents has ever been registered as or associated with a registered broker-dealer.

D. VIOLATIONS

1. As a result of the conduct described above, Respondents willfully committed violations of Securities Act Section 5(a) and (c), which prohibit the direct or indirect sale or offer for the sale of securities unless a registration statement is filed or in effect.²

² A willful violation of the securities laws means merely “that the person charged with the duty knows what he is doing.” *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*,

2. As a result of the conduct described above, Respondents willfully committed violations of Exchange Act Section 15(a)(1), which prohibits a broker from making use of the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale of securities without first being registered as or associated with a registered broker-dealer.

E. UNDERTAKINGS

Respondents Retirement Surety and Crescendo have each undertaken to each be legally dissolved as an entity within sixty (60) days of entry of the order and to each certify, in writing, compliance with these undertakings. The certification shall identify the undertaking, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondents Retirement Surety and Crescendo each agree to provide such evidence. The certification and supporting material shall be submitted to Assistant Regional Director Steven G. Rawlings, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than thirty (30) days from the date of the completion of the undertakings. In determining whether to accept the Offer, the Commission has considered these undertakings.

Respondents Rose, Leeman, and Featherstone shall provide to the Commission, within thirty (30) days after the end of their suspension periods described below, an affidavit that they have complied fully with the sanctions described in Section VI below.

IV.

Additional proceedings shall be conducted to determine what, if any, disgorgement, prejudgment interest, and civil penalties are appropriate in the public interest against Respondents Rose, Leeman, and Featherstone pursuant to Section 8A of the Securities Act and Sections 21B and 21C of the Exchange Act. Respondents do not concede that commissions earned are the appropriate measure of disgorgement. In connection with such additional proceedings: (a) Respondents Rose, Leeman, and Featherstone agree that they will each be precluded from arguing that they did not violate the federal securities laws described in this Order; (b) Respondents Rose, Leeman, and Featherstone agree that they may not challenge the validity of this Order or of their Offer; (c) solely for the purposes of such additional proceedings, the findings in Section III of this Order shall be accepted as and deemed true by the hearing officer; and (d) the hearing officer may, in his discretion, determine the issues raised in the additional proceedings on the basis of the written record, without a hearing.

V.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in the Offers of the Respondents, and to continue

174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor “also be aware that he is violating one of the Rules or Acts.” *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

the proceedings as to Respondents Rose, Leeman, and Featherstone to determine whether it is appropriate and in the public interest to impose disgorgement, interest and civil penalties pursuant to Section 8A of the Securities Act and Sections 21B and 21C of the Exchange Act.

VI.

Accordingly, pursuant to Section 8A of the Securities Act, Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondents cease and desist from committing or causing violations or any future violations of Sections 5(a) and (c) of the Securities Act and Section 15(a)(1) of the Exchange Act.

B. Respondents Rose and Leeman are each suspended for 9 months, effective on the second Monday following the entry of this Order, from being associated with a broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, or from participating in an offering of penny stock.

C. Respondent Featherstone is suspended for 6 months, effective on the second Monday following the entry of this Order, from being associated with a broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, or from participating in an offering of penny stock.

VII.

It is further Ordered that, for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondents, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields
Secretary