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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING  
Whether there has been a violation  
of the Securities Act of Washington by:

PETER W. WOODBRIDGE; NEWCASTLE  
FINANCIAL GROUP, INC.; and their agents and  
employees,  
Respondents.

SDO - 07 – 2000

CONSENT ORDER

Case No: 97-04-210

9 THE STATE OF WASHINGTON TO: PETER W. WOODBRIDGE  
8229 127<sup>th</sup> Avenue SE  
Renton, WA 98056

11 NEWCASTLE FINANCIAL GROUP, INC.  
6947 Coal Creek Pkwy SE #342  
Newcastle, WA 98059

13 The Securities Division of the Department of Financial Institutions, State of Washington, and  
14 respondents, Peter W. Woodbridge and Newcastle Financial Group, Inc., do hereby agree to this Consent  
15 Order in settlement of the matters alleged herein. Respondents neither admit nor deny the Tentative  
16 Findings of Fact and Conclusions of Law as set forth below.

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**TENTATIVE FINDINGS OF FACT**

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**I. RESPONDENTS**

20 1. Newcastle Financial Group, Inc. (“Newcastle”) is a Washington corporation with its principal place  
21 of business located at 6947 Coal Creek Pkwy SE #342, Newcastle, Washington 98059. Newcastle is in the  
22 business of marketing and selling insurance products. Prior to a corporate name change in 1995, Newcastle was  
23 formerly named Rhema Financial Services, Inc. (“Rhema”).

24 2. Peter W. Woodbridge (“Woodbridge”) resides at 8229 127<sup>th</sup> Avenue Southeast, Renton, Washington

25 CONSENT ORDER

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DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

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1 98056. Peter Woodbridge is the president of Newcastle, and is not now and never has been registered as a  
2 securities broker-dealer or securities salesperson in the State of Washington.

### 3 **THE OFFERING OF CERTIFICATES OF DEPOSIT**

4 3. From at least February 1991 to October 1992, Woodbridge and at least eight agents that he had  
5 recruited offered and sold at least \$2.3 million in certificates of deposit (“CDs”) to at least 15 Washington residents  
6 through Woodbridge’s company, Rhema. Woodbridge and his agents received at least \$239,000 in commissions.

7 4. The CDs were purportedly issued by Canadian Trade Bank, Ltd. (“CTB”), in Grenada. In reality,  
8 CTB was not a licensed bank, but a corporation controlled by Michael Randy (“Randy”) out of his offices in Illinois  
9 for the purpose of operating a fictitious bank.

10 5. In connection with the offering of the CDs, Woodbridge and his agents failed to disclose the  
11 following material information:

- 12 a. CTB was not a bank and was not legally licensed as a bank by the Grenadian government,  
the United States government or the state of Illinois;
- 13 b. Randy performed substantially all activities relating to CTB at his offices in Illinois; and
- 14 c. Woodbridge and his agents received 10% commissions for selling the CDs.

15  
16 6. In June 1995, Woodbridge entered into a Consent and Stipulation with the U.S. Securities and  
17 Exchange Commission (“SEC”) in which Peter Woodbridge, without admitting or denying the SEC’s allegations,  
18 was permanently enjoined from future violations of the registration and antifraud provisions of the federal securities  
19 laws. In addition, Woodbridge was ordered to pay disgorgement in the amount of \$173,229, representing his gains  
20 from the conduct alleged in the SEC’s complaint, plus pre-judgment interest.

### 21 **II. THE OFFERING OF ADS INVESTMENTS WITH 28% RETURN**

22 7. In February 1996, Woodbridge and Newcastle offered and sold at least six Washington residents an  
23

1 opportunity to pool monies together to invest with American Diversified Services (“ADS”) and receive 28%  
2 interest within a few months. ADS was purportedly going to use the pooled monies to finalize an unspecified  
3 project overseas.

4 8. In connection with the offering of the ADS investments with 28% return, Woodbridge and  
5 Newcastle failed to disclose the following material information: 1) risk factors; 2) use of proceeds; 3) financial  
6 statements of ADS; 4) identity of relevant parties involved in the overseas transaction; and 5) specific date in which  
7 the investment and interest was due.

#### 8 **IV. THE OFFERING OF PARTNERSHIP INTERESTS**

9 9. On or about February 1996, Woodbridge offered partnership interests in Paramount Payphone, Inc.  
10 (“Paramount”) to at least one Washington resident. Paramount was in the business of purchasing individual  
11 payphones and profiting from the income produced by the payphones.

12 10. Each partner in the partnership would purportedly receive an annual return of 12% to 14% on their  
13 capital, paid monthly for 60 consecutive months. At the end of 60 months, the partners would be able to obtain  
14 their principal investment by executing the option to sell the partnership’s payphones. The investors’ principal  
15 investment and interest were guaranteed by a performance bond issued by Fidelity Secured Mortgage & Deposit.

16 11. On or about February 1996, at least one Washington resident invested at least \$175,000 in  
17 Paramount partnership interests.

#### 18 **V. THE OFFERING OF PROMISSORY NOTES**

19 12. In August 1997, Woodbridge offered and sold at least one other Washington resident a promissory  
20 note issued by Newcastle. The note promised 8% annual interest.

21 13. In connection with the offer and sale of the note, Woodbridge failed to disclose to the investor the use  
22 of the investors’ funds, the risks involved in making the investment, and the financial statements of Newcastle.

#### 23 **VI. THE OFFERING OF VIATICAL SETTLEMENT CONTRACTS**

14. From late 1996 through 1997, Woodbridge, acting on behalf of Dedicated Resources, Inc. (a viatical settlement provider) offered and sold fractional ownership interests in viatical settlement contracts to at least six Washington residents.

15. In 1997, Woodbridge, acting on behalf of Legacy Capital Corporation (a viatical settlement provider) offered and sold fractional ownership interests in viatical settlement contracts to at least two Washington residents.

16. In connection with the offer and sale of the viatical settlement contracts, Woodbridge failed to disclose to the investors the following material information:

- a. the financial condition and financial statements of Dedicated Resources, Inc. and Legacy Capital Corporation;
- b. the amount of sales commission the sales agent receives from the investor's funds;
- c. the risk factors, such as: the risk of Dedicated Resources, Inc. and/or Legacy Capital Corporation becoming insolvent; the risk of the insurer becoming insolvent and unable to pay death benefits; and the risk of the viaticated life insurance policy lapsing.

## VII. REGISTRATION STATUS

17. All of the above offerings of investments are not now and never have been registered in the state of Washington.

18. Newcastle and Peter Woodbridge are not now and never have been registered as securities salespersons, broker-dealers, or investment advisers in the state of Washington.

## CONCLUSIONS OF LAW

Based upon the foregoing Tentative Findings of Fact, the following Conclusions of Law are made:

1. The offering of certificates of deposit as described above in section II of the Tentative Findings of Fact constitute the offer and sale of a security as defined in RCW 21.20.005(10) and (12), to wit: certificates of deposit; or investment contracts.

2. The offering of the investments with 28% return, the partnership interests, and the viatical

1 settlement contracts as described above in sections III, IV, VI of the Tentative Findings of Fact, respectively,  
2 constitute the offer and sale of a security as defined in RCW 21.20.005(10) and (12), to wit: investment contracts;  
3 or risk capital.

4 3. The offering of the promissory note as described above in section V of the Tentative Findings of  
5 Fact constitute the offer and sale of a security as defined in RCW 21.20.005(10) and (12), to wit: notes; evidence of  
6 indebtedness; or risk capital.

7 4. The offer and sale of said securities were made in violation of RCW 21.20.010 because as set forth  
8 in the Tentative Findings of Fact above, Respondents made untrue statements of material fact, and omitted to state  
9 material facts necessary in order to make the statements made, in light of the circumstances under which they were  
10 made, not misleading.

11 5. The offer and sale of the securities described above were in violation of RCW 21.20.140 because  
12 no registration for such offer is on file with the Securities Administrator of the state of Washington.

13 6. Respondents have violated RCW 21.20.040 by offering and selling securities while not registered  
14 as a securities salesperson, broker-dealer, or investment adviser in the state of Washington.

### 15 **ORDER AND CONSENT**

16 Based on the foregoing,

17 IT IS HEREBY AGREED AND ORDERED that respondents Peter Woodbridge and Newcastle Financial  
18 Group, Inc. will cease and desist from offering and/or selling unregistered and non-exempt securities in violation  
19 of RCW 21.20.140.

20 IT IS ALSO AGREED AND ORDERED that respondents Peter Woodbridge and Newcastle Financial  
21 Group, Inc. will cease and desist from offering and selling securities or soliciting funds for the purchase of  
22 securities in any manner in violation of RCW 21.20.010, the anti-fraud section of the Securities Act of  
23 Washington.

24  
25 CONSENT ORDER

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26 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
27 **Securities Division**  
**PO Box 9033**  
**Olympia, WA 98507-9033**  
**360-902-8760**

1 IT IS ALSO AGREED AND ORDERED that respondents Peter Woodbridge and Newcastle Financial  
2 Group, Inc. will cease and desist from acting as an unregistered securities broker-dealer or salesperson in violation  
3 of RCW 21.20.040.

4 IT IS ALSO AGREED AND ORDERED that respondents Peter Woodbridge and Newcastle Financial  
5 Group, Inc. will pay the Securities Division the amount of \$500 for re-imbursement of its costs of the  
6 investigation.

7 IT IS AGREED that respondents Peter Woodbridge and Newcastle Financial Group, Inc. waive their rights  
8 to a hearing in this matter.

9 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

10 SIGNED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 1999.

11 APPROVED BY:

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14 \_\_\_\_\_  
15 PETER W. WOODBRIDGE  
16 INDIVIDUALLY AND AS  
17 PRESIDENT, NEWCASTLE FINANCIAL  
18 GROUP, INC.

19 \_\_\_\_\_  
20 WILLIAM J. MCARDELL  
21 ATTORNEY FOR RESPONDENTS

22 ENTERED this \_\_\_\_\_ day of \_\_\_\_\_, 2000.

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DEBORAH R. BORTNER  
Securities Administrator

Approved by:

Presented by:

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Michael E. Stevenson  
Chief of Compliance

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Janet So  
Securities Examiner