ComplianceUpdate

July 21, 2011

AVIVA

Clarity between Insurance Advice and Investment Advice Provided

On June 24th, the Iowa Insurance Division issued Insurance Bulletin 11-4 to provide guidance to persons who hold only an insurance license or a securities license on what activities they can engage in and what discussions they can have with consumers about products they are not licensed to sell. The Bulletins do not constitute new regulation, but are rather an interpretation of existing laws and regulations, designed to provide more clarity on the line between insurance advice and investment advice. A companion bulletin, Securities Bulletin 11-S-1, was issued simultaneously with identical content.

In recent years there has been considerable discussion among regulators, and within the insurance and securities industries, about the appropriateness of certain interactions that insurance producers have with consumers who own securities, particularly when those securities are liquidated and used to fund all or part of the premium (s) of an insurance product.

The stated purpose of Iowa Insurance Bulletin 11-4 is "to provide guidance to insurance producers, investment advisor representatives, and securities agents" about:

(1) The permissible and prohibited activities of "Insurance-Only Persons" under insurance and securities laws and regulations with respect to a recommendation to purchase an annuity contract or life insurance policy made to a consumer who may choose to liquidate a security in connection with such purchase and

(2) The permissible and prohibited activities of "Securities-Only Persons" under insurance and securities laws and regulations with respect to a recommendation to purchase a security made to a consumer who may choose to surrender part or all of the proceeds from an insurance product in conjunction with such a purchase.

Through Bulletins 11-4 and 11-S-1, the Iowa Insurance Division has provided welcomed guidelines that are instructive to those producers and agents who are only licensed to sell certain types of products.   "Insurance (licensed)-Only Persons" in the state of Iowa will better understand what activities they need to avoid, while still providing a suitable recommendation to their clients. Likewise, persons who only hold a securities license will have a better understanding of the limitations of their licenses when commenting upon matters involving insurance.

It is important that all Iowa-licensed Aviva producers read Bulletin 11-4 in its entirety, and particularly note Sections III and IV which are designed to clarify permitted and prohibited activities of "Insurance-Only Persons." Aviva also encourages all producers, regardless of the state(s) in which you are licensed, to review Bulletin 11-4 as well as prior communications on this subject. Please see Compliance Updates 0308 (July 10, 2008) and 0334 (November 13, 2009).

Although it is too early to tell, it is quite possible that other states may take Iowa's lead on providing more detailed and helpful guidance to "Insurance-Only Persons" and 'Securities-Only Persons." Aviva will continue to keep you informed of developments in this area.

Comments or questions may be directed to Maureen Closson, Chief Compliance Officer, Aviva USA.

TERRY E. BRANSTAD
GOVERNOR

SUSAN E. VOSS
COMMISSIONER OF INSURANCE

KIM REYNOLDS
LT. GOVERNOR

INSURANCE BULLETIN 11-4

To: Persons Licensed in Iowa to Sell Insurance and/or Securities

From: Susan E. Voss, Insurance Commissioner

Re: Licensing Requirements and Permitted Activities

Date: June 24, 2011

I. Introduction

Since Iowa adopted a rule (191 Iowa Administrative Code rules 15.68-15.73) substantially similar to the April 2010 Suitability in Annuity Transactions Model Regulation of the National Association of Insurance Commissioners ("NAIC"), questions have arisen as to where the line is drawn between providing insurance advice and securities advice. The answers to these questions have become increasingly important because suitability laws at the state and federal level have evolved to the point where any recommendation to a consumer of either an insurance product or a securities product requires an extensive financial analysis of the consumer's financial affairs and a discussion of broad financial trends. How information received from the consumer is applied will be different depending on whether it is an insurance transaction or a securities transaction because of the differing requirements of insurance and securities laws.

References to insurance in this Bulletin include both life insurance and annuities.

Under Iowa law, variable annuities remain an insurance product while under federal law they are securities. Thus, for a sale of variable annuities, dual licensing is required and not covered by this Bulletin except for Section VI.

For purposes of this Bulletin, "Insurance-Only Person" means an individual who holds an Iowa insurance license that authorizes the sale of annuities or life insurance products and who is not Iowa-licensed as an investment adviser, securities agent or investment adviser representative under Iowa securities law.

For purposes of this Bulletin, "Securities-Only Person" means an individual who is licensed as an investment adviser, securities agent or investment adviser representative under Iowa securities law, and who is not Iowa-licensed as an insurance producer under Iowa insurance law.

Any specific waiver request of 191 Iowa Administrative Code rules 15.68-15.73 must be filed in accordance with 191 Iowa Administrative Code rules 4.21-4.36.

Should you have any questions concerning this notice or the rules, please contact Jim Mumford at the Insurance Division. He may be reached at jim.mumford@iid.iowa.gov.

II. Purpose

This Bulletin is based on current Iowa insurance and securities laws and designed primarily to provide guidance to insurance producers, investment adviser representatives and securities agents about:

- **The permissible and prohibited activities of "Insurance-Only Persons"** under insurance and securities laws and regulations with respect to a recommendation to purchase an annuity contract or life insurance policy (hereafter referred to as annuity or life insurance) made to a consumer who may choose to liquidate a security in connection with such purchase. The guidance in this draft is being provided so that Insurance-Only Persons may have a better understanding of the types of activities and conduct that are within the scope of permissible activities and the types of activities and conduct that are beyond the scope of permissible activities.

- **The permissible and prohibited activities of "Securities-Only Persons"** under insurance and securities laws and regulations with respect to a recommendation to purchase a security made to a consumer who may choose to surrender part or all of the proceeds from an insurance product in connection with such purchase. The guidance in this Bulletin is being provided so a Securities-Only Person may have a better understanding of the types of activities and conduct that are within the scope of permissible activities and the types of activities and conduct that are beyond the scope of permissible activities.

III. Permitted Activities for an Insurance-Only Person.

The following is not intended to be a complete description but rather a description of generally-recognized permissible activities of Insurance-Only Persons.

1. The Insurance-Only Person may discuss with the consumer the consumer's risk tolerance, financial situation, and needs. This may include a discussion of the consumer's:

    - financial experience;

    - financial objectives, including whether the consumer needs to earn a guaranteed rate of interest, needs guaranteed minimum increases in guaranteed values, or wishes to have available a minimum lifetime income stream;

- risk tolerance, including need for principal protection or protection from market risk;

- need to balance and diversify risk, including need for product or issuer diversification that may support an insurance position within a consumer's financial plan;

- tax status, including whether the assets used to purchase the annuity or life insurance are or need to be tax deferred;

- existing assets, including annuity, investment, and life insurance holdings;

- financial resources generally available for the funding of the annuity or life insurance;

- liquidity needs and liquid net worth, including whether there are funds other than those being used to purchase the annuity or life insurance that will be available during the surrender period of the annuity or life insurance for emergency or urgent needs, and where those funds are located;

- financial time horizon; and

- intended use of the annuity or life policy.

2. An Insurance-Only Person may discuss with the consumer the stock market in general terms including market risks and recent or historic economic activities that are generally known to the public and regularly discussed in public media.

3. An Insurance-Only Person's general discussion outlined in (1) and (2) should only be to the extent that the discussion is a necessary component of the Insurance-Only Person's insurance services and to the extent that the information is used to give the Insurance-Only Person reasonable grounds for believing that the recommendation to purchase, borrow against, exchange, or replace an annuity or life insurance is suitable for the consumer.

4. In his or her general discussion with the consumer, the Insurance-Only Person may discuss and complete suitability, replacement, and exchange or transfer forms as required by Iowa insurance regulations.

5. In his or her general discussion about the expectations of the funds being considered to purchase the annuity or life insurance, the Insurance-Only Person may discuss: that the funds need protection from market risk; that the tax status of the funds and that tax deferral needs to be utilized or maintained; that the funds may be needed to provide a lifetime income stream; that the funds need to earn a guaranteed interest rate; or that there are other funds available during the surrender period of the annuity or life insurance for emergency or urgent needs and where those funds are located.

6. An Insurance-Only Person may have-general discussions about balancing risk, diversification, etc., that support an insurance position within a consumer’s financial plan.

7. An Insurance-Only Person may provide advice as part of a financial plan. When doing so, an Insurance-Only Person should clearly identify himself or herself as an individual who holds an Iowa insurance license and explain that such license authorizes the person to discuss how annuities or life insurance products may fit into the consumer’s financial plan and that he or she is authorized to sell annuity or life insurance products and not sell, recommend or provide advice about securities.

IV. <u>Prohibited Activities for an Insurance-Only Person.</u>

The following is not intended to be a complete description but rather a description of generally-recognized activities that are specifically prohibited for an Insurance-Only Person:

1. Discussing risks specific to the consumer’s individual securities portfolio.

2. Providing advice regarding the consumer’s specific securities or securities investment performance, or comparing the consumer’s specific securities or securities investment performance with other financial products, including annuity contracts or life insurance policies.

3. Recommending the liquidation of specific securities, or identifying specific securities that could be used to fund an annuity or life insurance product.

4. Recommending specific allocations, in dollars or percentages, between insurance and securities products.

5. Offering research, analysis or recommendations to a consumer regarding specific securities.

6. Completing securities forms, except for: 1) providing general information to the consumer related to the consumer's existing or new annuity or life insurance product; 2) assisting with forms that are required by the insurance company to complete an insurance transaction; and 3) assisting with forms that are required by Iowa insurance regulations.

7. Using the following term or terms: investment adviser, securities agent, or investment adviser representative under Iowa securities laws; and similar titles that tend to indicate to customers that the individual is licensed to provide investment advice, that the individual is licensed to sell securities, or otherwise holding the individual out as providing investment advice to others, when the individual is not so licensed.

V. **Permitted Insurance-Related Activities for a Securities-Only Person.**

The following is not intended to be a complete description but rather a description of generally-recognized permissible insurance-related activities of Securities-Only Persons:

1. The Securities-Only Person may generally discuss the consumer's:

   - risk-tolerance;
   - financial situation and needs;
   - financial experience;
   - financial objectives;
   - financial time horizon;
   - existing assets, including investment and insurance holdings;
   - liquidity needs;
   - liquid net worth; and
   - tax status.

2. The Securities-Only Person may discuss insurance with the consumer in general terms in the context of managing risks and recent or historic insurance activities that are generally known to the public and regularly discussed in public media.

3. A Securities-Only Person's general discussion outlined in (1) and (2) should only be to the extent that the discussion is a necessary component of the Securities-Only Person's securities services and to the extent that the information is used to give the Securities-Only Person reasonable grounds for believing that the recommendation to purchase, sell, hold or exchange a security is suitable for the investor.

4. A Securities-Only Person may discuss diversifying assets and financial objectives using insurance that is solely incidental to the Securities-Only Person's securities services and the recommendation to purchase, sell, hold, exchange, or replace a security product when the Securities-Only Person provides advice as part of a financial plan.

5. In his or her general discussion about the expectations of the funds being considered to purchase securities or investments, a Securities-Only person may discuss: that the funds could be used for wealth accumulation strategies; the current tax status of the funds and change in tax status; general discussion of "risk versus reward;" or that there are other funds available during the time period used to meet the financial objective of the securities or investments for emergency or urgent needs and where those funds are located.

6. A Securities-Only Person may have a general discussion about balancing risk, diversification, etc., that support an insurance position within a consumer’s financial plan.

7. A Securities-Only Person may provide advice as part of a financial plan. When doing so, a Securities-Only Person should clearly identify himself or herself as an individual who is licensed as an investment adviser, securities agent or investment adviser representative under Iowa securities law, and who does not hold an insurance license.

VI. Prohibited Activities for a Securities-Only Person.

The following is not intended to be a complete description but rather a description of generally-recognized activities that are specifically prohibited for Securities-Only Persons:

1. Discussing the benefits or negatives of insurance, its cost versus benefits, in specific terms relating to the consumer’s individual or group insurance policies.

2. Providing advice regarding the consumer’s specific insurance policy performance, or comparing the consumer’s specific insurance policy performance with securities.

3. Recommending the liquidation of an insurance policy, the lapsing of an insurance policy, the taking of policy loans, withdrawals, or surrenders, or otherwise providing any insurance advice or recommendations related to the purchase of a security.

4. Recommending specific allocation, in dollars or percentages, between securities and insurance products.

5. Offering research, analysis or recommendations to a prospective consumer regarding specific insurance products or policies.

6. Completing insurance forms, except for: 1) providing general information to the consumer related to the consumer’s existing or new securities product; 2) assisting with forms that are required by the insurance company to complete a securities transaction; and 3) assisting with forms that are required by Iowa securities regulations.

7. Using the terms insurance professional, agent, producer or similar titles that tend to indicate to customers that an individual is licensed to provide insurance advice, or otherwise holding the individual out as providing insurance advice to others when the individual is not so licensed.

VII. Certain Unlicensed Persons and Entities Who are Permitted to Give Limited Insurance-Only Advice.

1. In certain instances, persons who are not insurance licensed are permitted to provide insurance-only advice. This includes individuals:

   a. Who do not receive compensation, directly or indirectly, for the insurance products purchased including the payment of commissions or other remunerations based on transactions in insurance; and

   b. Whose insurance-only advice is incidental to the services they provide.

2. These individuals may include, but are not limited to the following:

   a. An employee of a business whose job includes the explanation of insurance plans or options available during or following employment;

   b. A lawyer, accountant, engineer, or teacher whose providing of insurance advice is solely incidental to the practice of the person's profession;

   c. A publisher, employee, or columnist of a newspaper, news magazine, or business or financial publication, or an owner, operator, producer, or employee of a cable, radio, or television network, station, or production facility, if the financial or business news published or disseminated is made available to the general public and the content does not consist of rendering advice on the basis of the specific insurance situation of a particular customer or audience member; and

   d. A bank or savings institution or its employees whose providing of insurance advice is solely incidental to the conduct of other banking or savings business.

VIII. Insurance Producers Who Are Licensed as Investment Advisers or Investment Adviser Representatives.

Insurance licensed producers who are also licensed as investment advisers or investment adviser representatives as defined in Iowa Code Section 502.102(15) and (16)(2011) may be considered providing investment advice and subjecting themselves to securities rules which require them to adhere to a fiduciary standard and additional disclosure rules. Insurance producers that obtain investment advisers licenses to be able to provide advice to clients concerning the sale of a security, such as a mutual fund, to purchase an insurance product, could be subjecting themselves to the jurisdiction of state and federal securities regulators for violation of securities rules pertaining to fiduciary requirements. Persons who solely provide insurance advice as discussed in Section I of this Bulletin, and who disclose that fact to the consumer, should not be concerned with investment adviser or investment adviser representative requirements.

Compliance Update

AVIVA

July 10, 2008
Number: 0308

Investment Advisor Issues

Sales of indexed products have received increased scrutiny due to the concern that agents are giving investment advice when the customer liquidates a security to fund the index product purchase. Aviva is committed to helping our agents understand the regulatory environment; however it is constantly changing so please be aware of your own state's regulations.

Investment Advisor

Investment advisors are registered and regulated at both the federal and state levels. But what do the laws say is investment advice that requires registration? Whether an agent is giving investment advice that requires registration depends on the circumstances, but will generally be considered to have been given if the agent: *

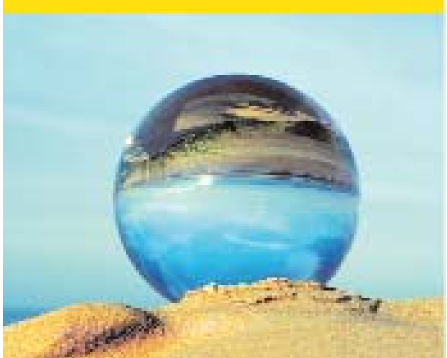
- Recommends the liquidation of a security;
- Recommends a specific asset allocation amongst asset classes;
- Advises customers on the relative advantages and disadvantages of investing in securities as directly compared to an indexed product. This would be advice to help a customer evaluate whether securities are better or worse suited for their particular objectives.

Other activities that may indicate securities advice has been given include:

- Discussions that emphasize or focus solely on the risks of the stock market;
- Providing assistance in the completion of paperwork to liquidate a security;
- Use of the term "investment advisor" or other similar terms that lead the customer to believe the agent is licensed to advise on and sell securities;
- Use of professional designations considered misleading;
- Describing indexed products as "investments."

continued

* The test is actually a 3-part test: 1) **Receiving compensation.** This is easily met because of the broad interpretation of the phrase that includes any sale, including the sale of the fixed product. 2) **Being engaged in the business.** This is also easily met because it includes holding yourself out as providing financial advice and anything other than advice given on rare, isolated and non-periodic occasions. 3) **Providing Advice.** This depends on the factors listed above.



Recommendations to Fixed Agents not licensed as an investment advisor

1) Do not provide specific advice as to the liquidation of a security

2) Consider using a disclosure form that clearly reinforces what service you do and do not provide (attached is a sample disclosure)

3) Clearly state the services you are, and are not, licensed to provide to the customer without using phrases that may lead the customer to believe otherwise

4) If the customer requires investment advice the agent should refer them to an independent securities professional that will apply appropriate suitability rules

5) Do not recommend allocating a certain percentage of assets to securities, although a general discussion of different asset classes should be proper

6) Limit discussions to the general characteristics of different types of securities

7) Do not charge advisory or other management fees

Issues with becoming an Investment Advisor

Aviva provides no advice on whether an agent should become an investment advisor. Becoming an investment advisor may broaden the scope of an agent's services but comes with drawbacks such as:

- Investment advisors hold a fiduciary relationship with their customers, which is a high standard of trust with additional requirements

- Some states require an investment advisor to have a disclosure form signed by the customer purchasing insurance products that clearly discloses the investment advisor's fees, that the investment advisor is an insurance agent and that they will receive a commission in addition to their planning fees.

Please see the attached Appendix for a discussion of common scenarios to be aware of involving the liquidation of securities; and the attached Sample Disclosure for help in forming a disclosure for agent's use.

Comments or questions may be directed to Maureen Closson, Chief Compliance Officer, Aviva USA.

Aviva would like to present this Sample Disclosure as an example of a form the agent can use with their customers. This Sample Disclosure should be discussed and amended with the agent's attorney so it fits the specific circumstances, goals and local requirements of the agent.

Sample Disclosure Form

1. Source of Funds. I have made a decision to liquidate all or part of my securities portfolio and use the proceeds to purchase life insurance or annuity products offered by Aviva Life and Annuity Company ("Aviva"). I acknowledge that neither Aviva nor Aviva's agents, representatives, nor employees have suggested I liquidate securities, or otherwise provided any investment advice or recommendations related to any securities liquidation. I have been advised to discuss the liquidation of securities with a properly registered investment advisor or registered representative of a broker/dealer.

2. Broker Charges and Surrender Fees. I understand that in liquidating certain securities holdings, the broker/dealer or the securities product may assess charges, fees or surrender charges in connection with any liquidation transaction. I have been advised to consult with the liquidating broker/dealer regarding any questions or concerns I may have concerning my request for liquidation of securities and the impact of any charges or fees on liquidation.

3. Tax Consequences. I understand that certain securities holdings I have instructed my broker/dealer to liquidate may be subject to capital gains taxes, or similar taxes, and that I am responsible for the tax consequences of these transactions. I have been advised to consult with my broker/dealer and/or tax adviser regarding the impact of the liquidation of certain securities.

4. Role of Insurance Agent. I understand and acknowledge that the Aviva insurance agent that solicited me for an Aviva life insurance or annuity policy served solely as insurance agent for Aviva and is not licensed to sell securities or offer any investment advice regarding my securities portfolio.

5. Seek advice of other professionals. I acknowledge that the Aviva insurance agent has advised me that I should consult with a registered investment advisor or other qualified professional licensed in the securities industry regarding my securities portfolio if I have any questions or concerns regarding my securities portfolio.

Execution. By signing below, I acknowledge that I have read and fully understand this information and that I have received a duplicate copy of this Disclosure.

Owner's Signature: ________________________________

Date: ____

Spouse/Jt. Owner (if applicable): ______________________

Date: ____

Appendix

Common Scenarios

Here are common scenarios where fixed agents have had trouble in the past and what a agent can do to avoid running afoul of securities laws.

1) Selling Against Securities

Fixed agents may stray into investment advice if they explore the advantages and disadvantages of investing in securities as directly compared to fixed products. This may be advice because it will help a customer evaluate the products and make a decision between the two.

2) Recommending Securities Allocation

Securities advice could also include a recommendation that a customer allocate a specific percentage of their assets to different asset classes. Therefore, the fixed agent must be careful not to recommend specific allocation percentages of securities and instead focus on the characteristics of the fixed product and general allocation issues.

3) Finding Funding Sources

After a fixed agent presents a suitable fixed product and the customer agrees with this recommendation, there is often a discussion of what assets should be used to provide the funding. It is natural for the customer to inquire about the advisability of selling certain equities or classes of assets. However, the recommendation to sell a stock or a particular class of equities will probably be considered securities advice. The fixed agent is limited to discussing the generic ideas of asset allocation, the positive characteristics of the fixed product and directing the customer to an investment advisor for advice on liquidating any securities.

Compliance Update

Date: November 13, 2009
Number: 0334

AVIVA

Reminder about giving investment advice

The purpose of this communication is to remind all producers that state securities authorities continue to be concerned that insurance agents are dispensing investment advice without the required securities registration/licensure. Aviva previously published a Compliance Update dated July 10, 2008 on this topic. That update described several circumstances under which regulators may conclude under the laws of a particular state that an agent is providing investment advice, including:

- An agent recommends the liquidation of a security (for example, to provide a source of funds for the purchase of an indexed product) or
- An agent advises a customer of the relative advantages and disadvantages of investing in securities as directly compared to an indexed life insurance or annuity product.

The Arkansas Insurance Department recently issued Bulletin No. 14-2009, in which it joined with the Arkansas Securities Department in notifying all insurance producers/agents that "the recommendation to replace securities such as mutual funds, stocks, bonds and various other investment vehicles defined as securities under the Arkansas Securities Act is the offering of investment advice. It is unlawful to offer investment advice unless one is registered (licensed with the Arkansas Securities Department as an investment advisor or investment advisor representative."

The Bulletin goes on to describe the legislative authority under which both the Insurance Commissioner and the Securities Commissioner may take action in the form of levying fines, suspending licenses, and seeking injunctive relief. It also makes a specific reference to the application of the Insurance Department's authority by stating that "the Insurance Commissioner intends to take action against insurance producers who improperly engage in transactions involving securities."

All producers should understand Arkansas is not the only state in which the insurance and/or securities regulators have made such pronouncements or expressed similar positions. For your benefit, we repeat some of the recommendations that we outlined in last year's Aviva Compliance Update for agents who are not licensed as an investment advisor:

1. Do not provide specific advice about, or recommend, the liquidation or "replacement" of a security.
2. Consider using a disclosure form that clearly reinforces what service you do and do not provide.
3. Clearly indicate the services you are, and are not, licensed to provide to the customer without using phrases that may lead the customer to believe otherwise.
4. Obtain a clear acknowledgement from the customer that any decision they make to liquidate securities to provide some or all of the funds for the purchase of an insurance product is their independent decision and choice, and not the result of any specific recommendation on your part.
5. Be clear with the customer that if they require investment advice, they should seek the advice of a properly licensed securities professional in conjunction with the liquidation of any securities.

Comments or questions may be directed to Maureen Closson, Chief Compliance Officer, Aviva USA.

Doing business the Aviva way!

Arkansas Insurance Department

Mike Beebe
Governor

Jay Bradford
Commissioner

BULLETIN NO. 14-2009

TO: ALL LICENSED LIFE AND HEALTH INSURANCE COMPANIES, LIFE INSURANCE PRODUCERS, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, SECURITIES BROKERS AND OTHER INTERESTED PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT AND ARKANSAS SECURITIES DEPARTMENT

SUBJECT: JOINT BULLETIN – SALES OR INVESTMENT ADVICE RELATED TO SECURITIES PRODUCTS BY INSURANCE PRODUCERS

DATE: September 18, 2009

The Arkansas Insurance Department and the Arkansas Securities Department are joining together to make this notice public to all insurance producers/agents. The recommendation to replace securities such as mutual funds, stocks, bonds and various other investment vehicles defined as securities under the Arkansas Securities Act is the offering of investment advice. It is unlawful to offer investment advice unless one is registered (licensed) with the Arkansas Securities Department as an investment adviser or investment adviser representative. You should not rely on any contract or application that may represent that an investment product may be replaced without the appropriate securities registration.

Pursuant to Ark. Code Ann. §§ 23-64-216(a)(1) and 23-64-512(a)(8), the Insurance Commissioner intends to take action against insurance producers who improperly engage in transactions involving securities. Legislation passed in 2009 gives the Insurance Commissioner additional authority to issue an order to cease and desist the activity prior to a hearing being held as related to these matters. The Commissioner may also issue an Emergency Suspension Order and/or a Revocation Order on the producer's license subject to the activity. Fines may be assessed against the producer up to $5,000 per violation.

The Arkansas Securities Act grants the Securities Commissioner the authority to take action, including the issuance of a cease and desist order and injunctive relief through the courts, including ancillary relief such as accountings, receivership, disgorgement and civil fines up to the amount of money received. In accordance with legislation passed in the last legislative session, the Securities Commissioner will be able to levy fines in addition to issuing cease and desist orders. In the normal case, fines are limited to $10,000 per violation or an amount equal to the total amount of money received in connection with each violation. In the case of a violation involving a senior citizen sixty-five years old or older, the fine can be as much as $20,000 per violation or twice the amount of money received per violation.

This bulletin is intended to notify you of some potential pitfalls that could subject you to civil litigation by investors and action by the Insurance Commissioner and Securities Commissioner, including criminal prosecution. Please protect yourself and your clients.

A. Heath Abshure
Securities Commissioner

Jay Bradford
Insurance Commissioner