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

IN THE MATTER OF DETERMINING ) Order No.: S-12-0986-12-CO01  
whether there has been a violation of the )  
Securities Act of Washington by: )  
 )  
UVEST Financial Services Group, Inc., ) CONSENT ORDER  
 )  
Respondent. )  
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**INTRODUCTION**

WHEREAS, state regulators from multiple jurisdictions conducted coordinated investigations of Bankers Life and Casualty Company (“Bankers Life”) and BLC Financial Services, Inc. (“BLCFS”) (collectively, “Bankers”) to determine whether Bankers should have been registered as a broker-dealer and investment adviser between January 1, 2005, and December 2, 2011; and

WHEREAS, the investigations revealed that Bankers has acted as a broker-dealer and investment adviser in Washington without being registered, exempt from registration, or a federal covered investment adviser, and has employed or associated with agents and investment adviser representatives who were not so registered on behalf of Bankers, all in violation of RCW 21.20.040; and

WHEREAS, UVEST Financial Services Group, Inc. (“UVEST”) entered into an agreement with Bankers to provide brokerage and investment advisory services out of Bankers Life branch office locations; and

WHEREAS, this Consent Order is entered into with the understanding that the conduct addressed herein has resulted in no known direct consumer harm and with the understanding that registered agents or representatives of UVEST participated in all securities transactions; and

WHEREAS, UVEST has cooperated with state regulators conducting the investigations by responding to inquiries and providing documentary evidence; and

WHEREAS, UVEST is in the process of winding down its business and has filed or will file a BD-W withdrawing its broker-dealer registration in Washington; and

1 WHEREAS, UVEST has agreed to resolve the investigations through this Consent Order in order to avoid  
2 protracted and expensive proceedings in numerous states; and

3 WHEREAS, UVEST, without admitting or denying the Conclusions of Law set forth below and solely for the  
4 purposes of this Consent Order, admits the jurisdiction of the Securities Division of the Washington State Department  
5 of Financial Institutions (“Securities Division”), admits the Findings of Fact set forth below, voluntarily consents to  
6 the entry of this Consent Order, and waives any right to a hearing or to judicial review regarding this Consent Order;

7 NOW THEREFORE, the Securities Administrator hereby enters this Consent Order.

### 8 FINDINGS OF FACT

#### 9 I. Respondents

10 1. Bankers Life is a life insurance company located in Illinois that has never been registered as a broker-  
11 dealer or investment adviser.

12 2. BLCFS is a wholly-owned subsidiary of Bankers Life that also is located in Illinois. BLCFS (CRD  
13 No. 126638) has been a member of NASD or FINRA since 2003 and is registered as a broker-dealer only in Illinois.  
14 During its existence, BLCFS has had no business activity other than as described herein. BLCFS has never been  
15 registered as a broker-dealer or investment adviser in Washington, and it has not registered any agents or investment  
16 adviser representatives in Washington.

17 3. At all relevant times, UVEST (CRD No. 13787) was a broker-dealer registered in Washington and  
18 (through an affiliate) a federal covered investment adviser.

19 4. Effective January 1, 2005, Bankers Life entered into a Financial Services Agreement with UVEST  
20 (the “UVEST Agreement”) under which Bankers Life insurance agents who became licensed as registered  
21 representatives and/or investment adviser representatives of UVEST (the “dual agents”) would provide brokerage and  
22 investment advisory services out of Bankers Life branch office locations. The UVEST Agreement specified that  
23 UVEST would “exercise exclusive control” over the broker-dealer and investment advisory activities of the dual  
24 agents and assigned Bankers Life several securities-related roles, which Bankers Life did perform, including:  
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- a. appointing the persons to be dual agents and having sole discretion to withdraw appointments at any time;
- b. determining with UVEST the number and identity of dual agents at each office;
- c. determining with UVEST the compensation to be paid to each agent;
- d. determining with UVEST the “brokerage product offerings available for distribution” by the dual agents;
- e. approving the clearing broker selected by UVEST;
- f. approving advertising and promotional material; and
- g. paying for:
  - i. pre-examination training for required NASD/FINRA examinations;
  - ii. investment research materials used in the branch offices;
  - iii. recruitment and travel costs; and
  - iv. UVEST stationary and business cards.

5. The UVEST Agreement provided for UVEST to pay Bankers Life “Revenue Sharing Payments” according to a schedule that varied from 82% to 85% of the gross commissions received by UVEST for the dual agents’ securities transactions. The UVEST Agreement characterized these payments as representing reimbursement for the compensation Bankers Life pays to the dual agents and “payment for the use of the facilities and equipment” of Bankers Life. The UVEST Agreement provided that Bankers Life would not compensate Series 6 licensed dual agents for the sale of individual stocks and bonds, and instead Bankers Life would retain all such revenue.

6. In March of 2005, Bankers Life determined that BLCFS should have been a party to the UVEST Agreement. As a result, the three firms agreed to a new first page of the UVEST Agreement that added BLCFS as a party and a new signature page, which was executed by the three parties. The revised UVEST Agreement did not assign BLCFS

1 any rights or duties separate from those of Bankers Life and made all of Bankers Life's rights and duties also apply to  
2 BLCFS.

3 7. Bankers and UVEST terminated the UVEST Agreement effective on or about April 29, 2010.

4 8. Evidence uncovered during the investigation showed that Bankers screened prospective securities agents,  
5 trained new securities agents, conducted periodic training sessions for securities agents, monitored and attempted to  
6 increase securities production of securities agents, and played a significant role in determining the compensation of  
7 securities agents. Additionally, evidence showed that the involvement of Bankers in securities-related roles led to  
8 confusion in the reporting and responsibility hierarchies as between Bankers and the applicable broker-dealer.

9 9. At no time were the dual agents registered as agents or investment adviser representatives of Bankers Life or  
10 BLCFS.

11 10. From January 1, 2005, through April 29, 2010, Bankers received, on a nationwide basis, a total of  
12 approximately \$17 million from UVEST under their agreement for variable annuity and securities transactions and  
13 investment advice.

#### 14 **CONCLUSIONS OF LAW**

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16 1. The Securities Division has jurisdiction over this matter pursuant to the Securities Act of Washington, RCW  
17 21.20.

18 2. Under the RCW 21.20.040(1), a person may not act as a broker-dealer in Washington unless registered or  
19 exempt from registration.

20 3. Similarly, a person may not act as an investment adviser in Washington unless registered, exempt from  
21 registration, or a federal covered investment adviser, pursuant to RCW 21.20.040(3).

22 4. Under RCW 21.20.040(2), a broker-dealer may not employ or associate with a salesperson, as defined in  
23 RCW 21.20.005(15), unless the employee or associated person is registered as a salesperson of the broker-dealer.

24  
25 5. Under RCW 21.20.040(5)(a), an investment adviser may not employ or associate with an investment adviser

1 representative unless the employee or associated person is registered as an investment adviser representative of the  
2 investment adviser.

3 6. By engaging in the conduct set forth above, Bankers acted as an unregistered broker-dealer and investment  
4 adviser in Washington in violation of RCW 21.20.040(1) and RCW 21.20.040(3).

5 7. Furthermore, by employing or associating with dual agents who were not registered as salespersons or  
6 investment adviser representatives of Bankers, Bankers violated RCW 21.20.040(2) and RCW 21.20.040(5)(a).

7 8. By engaging in the conduct set forth above, UVEST has materially aided an act, practice or course of  
8 business constituting a violation of RCW 21.20.040 or a rule adopted or order issued thereunder, and such conduct is  
9 grounds for an order imposing sanctions under RCW 21.20.390.

10 As a result, this Consent Order and the following relief are appropriate and in the public interest.

11 **CONSENT ORDER**

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13 1. IT IS AGREED AND ORDERED that UVEST shall cease and desist from materially aiding Bankers in  
14 violating RCW 21.20.040.

15 2. IT IS FURTHER AGREED AND ORDERED that, in accordance with the terms of the multistate settlement,  
16 UVEST shall pay an amount of \$750,000 among the states where dual agents were located during the period from  
17 January 1, 2005, through April 29, 2010, allocated according to a schedule provided by the multi-state investigation  
18 working group. UVEST shall pay \$14,150.94 to the Securities Division as its portion of the total amount, which  
19 portion shall be considered a fine. Such payment shall be made within ten days from the date this Consent Order is  
20 signed by the Securities Administrator.

21 3. IT IS AGREED that, if any state securities regulator determines not to accept the settlement offer of UVEST  
22 reflected herein, including the amount allocated to the applicable state according to the schedule referenced in  
23 paragraph 2 above, the payment to Washington set forth in paragraph 2 above shall not be affected; and UVEST shall  
24 not be relieved of any of the non-monetary provisions of this Consent Order.

1 4. IT IS FURTHER AGREED that UVEST shall not attempt to recover any part of the payments addressed in  
2 this Consent Order from dual agents, Bankers, or customers of UVEST.

3 5. IT IS FURTHER AGREED that UVEST shall fully cooperate with any investigation or proceeding related to  
4 the subject matter of this Consent Order.

5 6. IT IS FURTHER AGREED that this Consent Order concludes the investigation by the Securities Division  
6 and any other action that the Securities Administrator could commence under applicable law on behalf of the  
7 Washington as it relates to the violations described above, up to and including activity occurring through April 29,  
8 2010; provided, however, that excluded from and not covered by this paragraph are any claims by the Securities  
9 Division arising from or relating to the "Order" provisions contained herein.

10 7. IT IS FURTHER AGREED that, if payments are not made by UVEST, or if UVEST defaults in any of its  
11 obligations set forth in this Consent Order, the Securities Administrator may vacate this Consent Order, at his sole  
12 discretion, upon 10 days notice to UVEST and without opportunity for administrative hearing or judicial review, and  
13 commence a separate action.

14 8. IT IS FURTHER AGREED that nothing herein shall preclude the Washington, its departments, agencies,  
15 boards, commissions, authorities, political subdivisions and corporations, other than the Securities Division and only  
16 to the extent set forth herein, (collectively, "State Entities") and the officers, agents or employees of State Entities  
17 from asserting any claims, causes of action, or applications for compensatory, nominal and/or punitive damages,  
18 administrative, civil, criminal, or injunctive relief against UVEST.

19 9. IT IS FURTHER AGREED that this Consent Order is not intended by the Securities Administrator to subject  
20 any person to any disqualifications under the laws of the United States, any state, the District of Columbia, Puerto  
21 Rico, or the Virgin Islands including, without limitation, any disqualification from relying upon the state or federal  
22 registration exemptions or safe harbor provisions.

23 24 10. IT IS FURTHER AGREED that this Consent Order and the order of any other state in related proceedings  
25 against UVEST (collectively, the "Orders") shall not disqualify any person from any business that they otherwise are

1 qualified, licensed or permitted to perform under applicable securities laws of the Washington, and any  
2 disqualifications from relying upon this State's registration exemptions or safe harbor provisions that arise from the  
3 Orders are hereby waived.

4 11. IT IS FURTHER AGREED that this Consent Order and any dispute related thereto shall be construed and  
5 enforced in accordance with, and governed by, the laws of the Washington without regard to any choice of law  
6 principles.

7 12. IT IS FURTHER AGREED that this Consent Order shall be binding upon UVEST, its relevant affiliates,  
8 successors and assigns as well as to successors and assigns of relevant affiliates with respect to all conduct subject to  
9 the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions,  
10 events, and conditions.

11 13. IT IS FURTHER AGREED that, except as set forth above, the Securities Division agrees to take no action  
12 adverse to UVEST based solely on the same conduct addressed in this Consent Order. However, nothing in this  
13 Consent Order shall preclude the Securities Division from: (a) taking adverse action based on other conduct; (b)  
14 taking this Consent Order and the conduct described above into account in determining the proper resolution of action  
15 based on other conduct; (c) taking any and all available steps to enforce this Consent Order; or (d) taking any action  
16 against other entities or individuals, regardless of any affiliation or relationship between UVEST and the entities or  
17 individuals.

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19 Signed this \_12th\_ day of \_\_\_\_\_ July \_\_\_\_\_ 2012.

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21 Signed by: UVEST Financial Services Group, Inc.

22 \_\_\_\_\_/s/\_\_\_\_\_

23 Kathleen D. VanNoy-Pineda  
24 Chief Compliance Officer

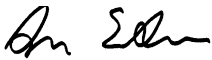
SIGNED and ENTERED this 26th day of July 2012.



William M. Beatty  
Securities Administrator

Approved by:

Presented by:



Suzanne Sarason  
Chief of Enforcement

Drew Stillman  
Enforcement Attorney

Reviewed by:



Jack McClellan  
Financial Legal Examiner Supervisor



**CONSENT TO ENTRY OF CONSENT ORDER**

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UVEST, by signing below, admits the Findings of Fact set forth above, agrees to the entry of this Consent Order, and waives any right to a hearing or to judicial review.

UVEST states that no promise of any kind or nature whatsoever that is not reflected in this Consent Order was made to it to induce it to enter into this Consent Order and that it has entered into this Consent Order voluntarily.

\_\_\_Kathleen D. VanNoy-Pineda\_\_\_ (name) represents that he or she has been authorized to enter into this Consent Order on behalf of UVEST Financial Services Group, Inc.

UVEST Financial Services Group, Inc.

By: \_\_\_\_\_/s/\_\_\_\_\_

Title: \_\_Chief Compliance Officer & EVP\_\_

Date: \_\_\_\_\_7-12-12\_\_\_\_\_