BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE, AT NASHVILLE

TENNESSEE SECURITIES DIVISION,	)	
Petitioner,	)	
	)	
vs.	)	**Order No. 12-006**
	)	
UVEST FINANCIAL SERVICES GROUP, INC.	)	
Respondent.	)	

CONSENT ORDER

The Tennessee Securities Division ("TSD") and UVEST Financial Services Group, Inc. ("UVEST") agree to the entry of this Consent Order in accordance with section 48-1-116 of the Tennessee Securities Act of 1980, TENN. CODE ANN. §§ 48-1-101 to 48-1-201 (2012) ("Act"), which states that the Commissioner of the Tennessee Department of Commerce and Insurance ("Commissioner") may from time to time make such orders as are necessary to carry out the provisions of the Act.

Respondent, UVEST, hereby stipulates and agrees to the entry of this Consent Order, subject to the approval of the Commissioner, as follows:

RESPONDENT

1. WHEREAS, state regulators from multiple jurisdictions, including the State of Tennessee, conducted coordinated investigations of Bankers Life and Casualty Company ("BLC") 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

2. WHEREAS, the investigations revealed that Bankers has acted as a broker-dealer and investment adviser in Tennessee 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 section 48-1-109 of the Act; and

3. WHEREAS, UVEST entered into an agreement with Bankers to provide brokerage and investment advisory services out of BLC branch office locations; and

4. 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

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

6. 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 Tennessee; and

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

8. WHEREAS, UVEST, without admitting or denying the Conclusions of Law set forth below and solely for the purposes of this Consent Order, admits the jurisdiction of the TSD, admits the Findings of Fact set forth below, voluntarily consents to the entry of this Consent Order, and waives any right to a hearing or to judicial review regarding this Consent Order;

9. NOW THEREFORE, the Commissioner, as administrator of the Act, hereby enters this Consent Order.

I.

FINDINGS OF FACT

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

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

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

4. Effective January 1, 2005, BLC entered into a Financial Services Agreement with UVEST (the "UVEST Agreement") under which BLC insurance agents who became licensed as registered representatives and/or investment adviser representatives of UVEST (the "Dual Agents") would provide brokerage and investment advisory services out of BLC branch office locations. The UVEST Agreement specified that UVEST would "exercise exclusive control" over the broker-dealer and investment advisory activities of the Dual Agents and assigned BLC several securities-related roles, which BLC did perform, including:

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 BLC "Revenue Sharing Payments" according to a schedule that varied from eighty-two percent (82%) to eighty-five percent (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 BLC pays to the Dual Agents and "payment for the use of the facilities and equipment" of BLC. The UVEST Agreement provided that BLC would not compensate Series 6 licensed Dual Agents for the sale of individual stocks and bonds, and instead BLC would retain all such revenue.

6. In March of 2005, BLC 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 any rights or duties separate from those of BLC and made all of BLC's rights and duties also apply to BLCFS.

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

8. Evidence uncovered during the investigation showed that Bankers screened prospective securities agents, trained new securities agents, conducted periodic training sessions for securities agents, monitored and attempted to increase securities production of securities agents,

and played a significant role in determining the compensation of securities agents. Additionally, evidence showed that the involvement of Bankers in securities-related roles led to confusion in the reporting and responsibility hierarchies as between Bankers and the applicable broker-dealer.

9. At no time were the Dual Agents registered as agents or investment adviser representatives of BLC or BLCFS.

10. From January 1, 2005, through April 29, 2010, Bankers received, on a nationwide basis, a total of approximately seventeen million dollars ($17,000,000.00) from UVEST under their agreement for variable annuity and securities transactions and investment advice.

II.

CONCLUSIONS OF LAW

1. The TSD has jurisdiction over this matter pursuant to the Act.

2. Under the Act, a person may not act as a broker-dealer in Tennessee unless registered or exempt from registration. TENN. CODE ANN. § 48-1-109(a) (2012).

3. Similarly, a person may not act as an investment adviser in Tennessee unless registered, exempt from registration, or a federal covered investment adviser. TENN. CODE ANN. § 48-1-109(c) (2012).

4. A broker-dealer may not employ or associate with an agent, as defined in section 48-1-102(3) of the Act, unless the employee or associated person is registered as an agent of the broker-dealer. TENN. CODE ANN. § 48-1-109(b) (2012).

5. An investment adviser may not employ or associate with an investment adviser representative unless the employee or associated person is registered as an investment adviser representative of the investment adviser. TENN. CODE ANN. § 48-1-109(f) (2012).

6. By engaging in the conduct set forth above, Bankers acted as an unregistered broker-dealer and investment adviser in Tennessee in violation of sections 48-1-109(a) and 48-1- 109(c) of the Act.

7. Furthermore, by employing or associating with Dual Agents who were not registered as agents or investment adviser representatives of Bankers, Bankers violated sections 48-1-109(b) and 48-1- 109(f) of the Act.

8. By engaging in the conduct set forth above, UVEST has materially aided an act, practice or course of business constituting a violation of the Act or a rule adopted or order issued thereunder, and such conduct is grounds for an order imposing sanctions under section 48-1-116 of the Act.

9. As a result, this Consent Order and the following relief are appropriate, in the public interest, necessary for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act.

III.

ORDER

On the basis of the Findings of Fact, Conclusions of Law, and the consent of the Respondent to the entry of this Consent Order,

IT IS HEREBY ORDERED:

1. UVEST shall **Cease and Desist** from materially aiding Bankers in violating the Act.

2. In accordance with the terms of the multistate settlement, UVEST shall pay an amount of seven hundred fifty thousand dollars ($750,000.00) among the states where Dual Agents were located during the period from January 1, 2005, through April 29, 2010, allocated according to a schedule provided by the multi-state investigation working group. UVEST shall pay fourteen

thousand one hundred fifty dollars and ninety-four cents ($14,150.94) to the TSD as its portion of the total amount, which portion shall be considered a payment to the Investor Education Fund. Such payment shall be made within ten (10) days from the date this Consent Order is signed by the Commissioner by mailing a check made payable to the State of Tennessee, Securities Division to the following address:

State of Tennessee
Department of Commerce and Insurance, Securities Division
Attn: Barbara A. Doak, Chief Counsel
500 James Robertson Parkway
Davy Crockett Tower, 8th Floor
Nashville, TN 37243

3. If any state securities regulator determines not to accept the settlement offer of UVEST reflected herein, including the amount allocated to the applicable state according to the schedule referenced in paragraph 2 above, the payment to the TSD set forth in paragraph 2 above shall not be affected; and UVEST shall not be relieved of any of the non-monetary provisions of this Consent Order.

4. UVEST shall not attempt to recover any part of the payments addressed in this Consent Order from Dual Agents, Bankers, or customers of UVEST.

5. UVEST shall fully cooperate with any investigation or proceeding related to the subject matter of this Consent Order.

6. This Consent Order concludes the investigation by the TSD and any other action that the Commissioner could commence under applicable law on behalf of the TSD as it relates to the violations described above, up to and including activity occurring through April 29, 2010; provided, however, that excluded from and not covered by this paragraph are any claims by the TSD arising from or relating to the "Order" provisions contained herein.

7. If payments are not made by UVEST, or if UVEST defaults in any of its obligations set forth in this Consent Order, the Commissioner may vacate this Consent Order, at her sole discretion, upon 10 days' notice to UVEST and without opportunity for administrative hearing or judicial review, and commence a separate action.

8. Nothing herein shall preclude the State of Tennessee, its departments, agencies, boards, commissions, authorities, political subdivisions and corporations, other than the TSD and only to the extent set forth herein, (collectively, "State Entities") and the officers, agents or employees of State Entities from asserting any claims, causes of action, or applications for compensatory, nominal and/or punitive damages, administrative, civil, criminal, or injunctive relief against UVEST.

9. This Consent Order is not intended by the Commissioner to subject any person to any disqualifications under the laws of the United States, any state, the District of Columbia, Puerto Rico, or the Virgin Islands including, without limitation, any disqualification from relying upon the state or federal registration exemptions or safe harbor provisions.

10. This Consent Order and the order of any other state in related proceedings against UVEST (collectively, the "Orders") shall not disqualify any person from any business that they otherwise are qualified, licensed or permitted to perform under applicable securities laws of Tennessee, and any disqualifications from relying upon this State's registration exemptions or safe harbor provisions that arise from the Orders are hereby waived.

11. The venue of this Consent Order and any dispute related thereto shall be the State of Tennessee. This Consent Order and any dispute thereto shall be construed and enforced in accordance with, and governed by, the laws of Tennessee, without regard to any choice of law principles.

12. This Consent Order shall be binding upon UVEST, its relevant affiliates, successors and assigns as well as to successors and assigns of relevant affiliates with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

13. Except as set forth above, the TSD agrees to take no action adverse to UVEST based solely on the same conduct addressed in this Consent Order. However, nothing in this Consent Order shall preclude the TSD from: (a) taking adverse action based on other conduct; (b) taking this Consent Order and the conduct described above into account in determining the proper resolution of action based on other conduct; (c) taking any and all available steps to enforce this Consent Order; or (d) taking any action against other entities or individuals, regardless of any affiliation or relationship between UVEST and the entities or individuals.

IT IS HEREBY ORDERED on this 30th day of January, 2013.

Julie Mix McPeak
Commissioner
Tennessee Department of Commerce and Insurance

CONSENT TO ENTRY OF CONSENT ORDER

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: Kathleen D. VanNoy-Pineda

Title: EVP & Chief Compliance Officer

Date: December 28, 2012