



Government of the District of Columbia  
Vincent C. Gray, Mayor  
Department of Insurance, Securities and Banking



William P. White  
Commissioner

In The Matter of	)	
	)	
METLIFE SECURITIES, INC.,	)	ADMINISTRATIVE CONSENT ORDER
	)	ORDER NO.SB-SC-01-10
Respondent.	)	
_____	)	

WHEREAS, MetLife Securities, Inc. (“MSI” or the “Firm”) and its affiliated Broker-Dealers (New England Securities, Tower Square Securities and Walnut Street Securities; collectively with MSI, the “Respondents”) are broker-dealers registered in the District of Columbia; and

WHEREAS, the District of Columbia Department of Insurance, Securities and Banking (the “Department”) has conducted an investigation into the offering and sale of variable annuities in the District of Columbia in 2007 by certain MSI registered representatives, without those representatives possessing District securities licenses (the “Investigation”); and

WHEREAS, Respondents have cooperated with the Department in its Investigation by responding to inquiries, providing documentary evidence and other materials, and providing the Department with access to information relating to the Investigation; and

WHEREAS, Respondents and the Department wish to resolve the issues relating to the Investigation in accordance with the terms of this Administrative Consent Order (the "Order") and without the expense and delay that formal administrative proceedings would involve; and

WHEREAS, MSI agrees to make certain payments as part of the resolution of this matter; and

WHEREAS, Respondents elect to permanently waive any right to a hearing and appeal under the District of Columbia Administrative Procedure Act, D.C. Official Code §§ 2-509(a) and 2-510(a) (2001); the Rules of Practice and Procedures for Hearings in the District of Columbia, 26 DCMR §§ B300 *et seq.*; and sections 602(b) and 803(a) of the District of Columbia Securities Act of 2000 (the "Securities Act," D.C. Official Code §§ 31-5601 *et seq.* (2001)), D.C. Official Code §§ 31-5606.02(b) and 31-5608.03(a) with respect to this Order; and

WHEREAS, Respondents admit the jurisdiction of the Department, neither admit nor deny the Statement of Facts and Conclusions of Law set forth herein, and solely for the purposes of these proceedings and any other proceeding brought by or on behalf of the Department, or to which the Department is a party, Respondents consent to the entry of this Order by the Department;

NOW, THEREFORE, the Commissioner of the Department, as administrator of the Securities Act, hereby enters this Order:

## I.

### STATEMENT OF FACTS

1. Respondents maintain principal places of business at 1095 Avenue of the Americas, New York, New York, 10036.

2. MSI has been continually licensed as a broker-dealer in the District of Columbia since December 19, 1983.

3. During the March through August 2007 time period, MSI maintained a branch office located in Hunt Valley, Maryland. Registered representatives Edward Martin and Carolyn Powers-Brown were employed by MSI at its Hunt Valley branch office during this period of time.

4. During the relevant time period, representatives Martin and Powers-Brown did not possess District of Columbia securities licenses. Representatives Martin and Powers-Brown did, however, hold Life and Variable Life/Annuities licenses in the District, as well as the appropriate FINRA (formerly known as NASD) licenses during this time period.

5. Representatives Martin and Powers-Brown participated in a new teachers' induction ceremony in the District of Columbia during the March through August 2007 time period, which included them offering for sale to District public school staff certain variable annuities on behalf of MSI.

6. The Department alleges that MSI employed individual sales representatives – Edward Martin and Carolyn Powers-Brown – who offered and sold variable annuities in the District of Columbia in the March through August 2007 time period without possessing the proper licenses as broker-dealer agents in the District, in violation of D.C. Official Code § 31-5602.01(b).

7. MSI has advised the Department that the failure of certain of its representatives to possess District securities licenses while offering and/or selling variable annuities in the District of Columbia during the relevant time period was due to the Firm's good-faith reliance on

information provided by a third-party vendor – Kaplan Financial – regarding the District’s licensing and registration requirements at that time.

8. MSI has represented to the Department that, when the Respondents became aware in 2008 that the information provided by Kaplan Financial regarding the District’s licensing and registration requirements at the time was not correct, the Respondents proactively took a number of steps to enhance their licensing and registration policies, procedures and controls so that such an oversight would not occur again in the future. For example, in late 2008, the District of Columbia was added to Respondents’ list of states that require a state securities license/registration for the offering and sale of variable products, and the Respondents’ Written Supervisory Procedures were updated to reflect the District securities license requirement.

9. Respondents also enhanced their registration and licensing procedures to include controls to prevent a representative’s variable appointment from being processed without the appropriate state securities registration. In turn, if a representative does not have the appropriate variable appointment, the sale of a variable annuity or a variable life insurance policy cannot be processed.

10. Additionally, Respondents’ licensing and registration procedures and controls were enhanced so that Respondents no longer rely primarily on information supplied by outside vendors as to what are the proper state licensing and registration requirements. Now, a designated attorney of the Broker-Dealer Unit of Respondents’ Law Department is responsible for reviewing and analyzing the various sources of information on this topic and for determining what the proper licensing and registration requirements are for each state and the District.

11. Respondents have cooperated fully during the Department’s Investigation into this matter.

## II.

### CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to D.C. Official Code § 31-5606.01(a)(1).

2. During the March through August 2007 time period, the District's Securities Act and the rules and regulations thereunder required that registered representatives selling variable annuities in the District of Columbia be securities licensed under the Act. *See* D.C. Official Code § 31-5602.01(b).

3. The Department finds that MSI registered representatives Edward Martin and Carolyn Powers-Brown offered and sold variable annuities in the District of Columbia in the March through August 2007 time period without possessing District securities licenses, in violation of D.C. Official Code § 31-5602.01(b).

4. As a result, the Department finds this Order and the following relief appropriate, in the public interest and consistent with the Securities Act.

## III.

### ORDER

On the basis of the Statement of Facts, the Conclusions of Law and Respondents' consent to the entry of this Order,

IT IS HEREBY ORDERED:

1. This Order concludes the Investigation by the Department and any other action that the Department could commence under the Securities Act and Subtitle B of Title 26 of the District of Columbia Municipal Regulations on behalf of the Department as it relates to Respondents, relating to the licensing requirements for Respondents' agents to offer and sell

variable products in the District of Columbia and to the supervision of those agents in connection with such sales prior to the execution of this Order, whether or not such violations are known or unknown; provided, however, that excluded from and not covered by this Paragraph are any claims by the Department arising from or relating to the "Order" provisions contained herein.

2. This Order is entered into solely for the purposes of resolving the referenced Investigation, and is not intended to be used for any other purpose.

3. Respondents shall continue to comply fully with the provisions of the Securities Act and the rules and regulations promulgated thereunder.

4. Within twenty-five days of the date of this Order, MSI shall pay an administrative penalty in the amount of TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00) to the Department to be deposited in the District of Columbia's General Fund, made payable to the D.C. Treasurer, pursuant to D.C. Official Code § 1-204.50. The Department will not seek additional monetary penalties from Respondents relating to the licensing requirements for Respondents' agents to offer and sell variable products in the District of Columbia and to the supervision of those agents in connection with such sales prior to the execution of this Order.

5. If after this Order is executed, Respondents fail to comply with any of the terms set forth herein, the Department may institute an action to vacate this Order. Upon issuance of an appropriate order, after an opportunity for a hearing, the Department may reinstitute the actions and investigations referenced in this Order.

6. This Order shall not disqualify Respondents or any of their affiliates or current or former employees from any business that they otherwise are qualified or licensed to perform under applicable state law, and this Order is not intended to form the basis for any disqualification.

7. This Order is not intended to indicate that Respondents or any of their affiliates or current or former employees shall be subject to any disqualifications contained in the federal securities laws, the rules and regulations thereunder, the rules and regulations of self-regulatory organizations or various states' or United States Territories' securities laws, including, without limitation, any disqualifications from relying upon the registration exemptions or safe harbor provisions. In addition, this Order is not intended to form the basis for any such disqualifications.

8. Except in an action by the Department to enforce the obligations of Respondents in this Order, this Order may neither be deemed nor used as an admission of or evidence of any alleged fault, omission or liability of Respondents in any civil, criminal, arbitration or administrative proceeding in any court, administrative agency or tribunal. For any person or entity not a party to this Order, this Order does not limit or create any private rights or remedies against Respondents, any liability of Respondents, or any defenses of Respondents to any claims.

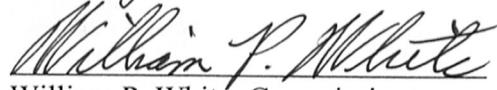
9. This Order and any disputes related thereto shall be construed and enforced in accordance with, and governed by, the laws of the District of Columbia without regard to any choice of law principles.

10. Respondents enter into this Consent Order voluntarily and represent that no threats, offers, promises or inducements of any kind have been made by the Department or any member, officer, employee, agent or representative of the Department to induce MSI and/or its affiliated Broker-Dealers to enter into this Consent Order other than as set forth in this Order.

11. This Order shall be binding upon Respondents and their successors and assigns as well as to successors and assigns of relevant affiliates with respect to the provisions above and to all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events and conditions.

In Witness Whereof, I have hereunto set my hand  
and affixed the official seal of this Department in  
the District of Columbia, this day of

May 2, 2012.



William P. White, Commissioner

**CONSENT TO ENTRY OF FINAL ORDER  
BY METLIFE SECURITIES, INC.**

MetLife Securities, Inc. hereby acknowledges that it has been served with a copy of this Administrative Consent Order ("Order") has read this Order, is aware of its right to a hearing and appeal in this matter, and has waived the same.

MetLife Securities, Inc. admits the jurisdiction of the Department, neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order, and consents to entry of this Order by the Department.

MetLife Securities, Inc. states that no promise of any kind or nature whatsoever was made to it to induce it to enter into this Order and that it has entered into this Order voluntarily.

MetLife Securities, Inc. agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal, or local tax for any administrative monetary payment that MetLife Securities, Inc. shall pay pursuant to this Order. CRAIG W. MARKHAM represents that he/she is the CHIEF OPERATING OFFICER of MetLife Securities, Inc. and that, as such, has been authorized by MetLife Securities, Inc. to enter into this Order for and on behalf of MetLife Securities, Inc.

Dated this the 9 day of April, 2012.

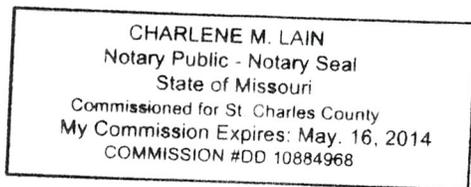
**METLIFE SECURITIES, INC.**

By: CW

Title: Chief Operating Officer

STATE OF MO

COUNTY OF St. Charles



SUBSCRIBED AND SWORN TO before me this 9<sup>th</sup> day of April, 2012

Charlene M. Lain  
Notary Public