

DENISE VOIGT CRAWFORD  
SECURITIES COMMISSIONER



JOHN R. MORGAN  
DEPUTY SECURITIES COMMISSIONER

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## Texas State Securities Board

208 E. 10th Street, 5th Floor  
Austin, Texas 78701-2407  
www.ssb.state.tx.us

BETH ANN BLACKWOOD  
CHAIR

BRYAN K. BROWN  
MEMBER

EDWARD ESCUDERO  
MEMBER

DERRICK MITCHELL  
MEMBER

E. WALLY KINNEY  
MEMBER

IN THE MATTER OF  
THE DEALER REGISTRATION OF  
SECURIAN FINANCIAL SERVICES, INC.

§  
§  
§

**Order No. IC09-CAF-02**

TO: Loyall Wilson, Senior Vice President  
Securian Financial Services, Inc.  
400 Robert Street North  
St. Paul, Minnesota 55101

### DISCIPLINARY ORDER

Be it remembered that Securian Financial Services, Inc. ("Respondent"), by and through Loyall Wilson, its Senior Vice President, appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and, without admitting or denying any allegation contained herein, except Findings of Fact one and two which are deemed admitted, consented to the entry of this Order and the Findings of Fact and Conclusions of Law contained herein.

### FINDINGS OF FACT

1. Respondent has waived (a) Respondent's right to notice and hearing in this matter; (b) Respondent's right to appear and present evidence in this matter; (c) Respondent's right to appeal this order; and (d) all other procedural rights granted to the Respondent by the Securities Act, TEX. REV. CIV. STAT. ANN. art 581-1 et seq. (Vernon1964 & Supp. 2008) ("Texas Securities Act") and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon 2000 & Supp. 2008)("Administrative Procedure Act").
2. On or about October 25, 1984, Respondent registered with the Securities Commissioner as a dealer. That registration is currently effective.
3. During the period from on or about August 15, 2001 through the present, a Texas customer ("Customer") has maintained two accounts with Respondent (the "Accounts"). The Accounts were held in the Customer's name at a third-party custodian.

4. From on or about August 15, 2001 through August 24, 2007, a former agent of Respondent (the "Agent") was the account representative that serviced the Customer's Accounts. The Agent was assigned to Respondent's Office of Supervisory Jurisdiction ("OSJ") located in San Antonio, Texas ("San Antonio OSJ").
5. The Customer's Accounts were solely in the name of the Customer and no other person was authorized to trade on the Accounts or withdraw money from the Accounts.
6. The Agent was not an account holder on the Customer's Accounts and had no written or other authorization to transfer funds from the Customer's Accounts to an account under the Agent's control.
7. On twenty-five (25) occasions during the period from September 2004 through August 2007, the Agent submitted unauthorized requests for the withdrawal of funds, totaling four hundred seventy three thousand dollars (\$473,000.00) from the Customer's Accounts to an account which the Agent controlled. Each of these withdrawal requests was made through a required distribution form (the "Distribution Form").
8. The Distribution Form required the account owner's signature on each form requesting a disbursement to a third-party. The Agent forged the Customer's signature on the Distribution Forms that were not authorized by the Customer.
9. During the relevant period, the Agent was permitted by Respondent to maintain a fax machine in his personal office ("Office Fax Machine"). Respondent did not establish sufficient supervisory procedures to monitor the Agent's use of the Office Fax Machine.
10. On twenty-four of the twenty-five occasions, the Agent specifically listed his wife's name on the Distribution Forms as the recipient of the transfers. The Agent faxed these twenty-four Distribution Forms to the third-party custodian from his Office Fax Machine.
11. Respondent did not require its agents to submit the Distribution Form to Respondent for supervisory review. Respondent did not speak to the Customer, or obtain or receive from the Customer any confirmation, ratification or authorization that the relevant twenty-five withdrawals were pursuant to the Customer's instructions.
12. In responding to a customer inquiry, Respondent discovered the actions of the Agent. On or about December 21, 2007, Respondent reimbursed the Customer's Accounts over five hundred fifty thousand dollars (\$550,000.00) from its own funds.
13. Respondent conducted its own investigation of this matter assigning several employees on a full-time basis for weeks, and has cooperated extensively with the staff of the Texas State Securities Board (the "Staff") on a continuing basis.

14. As a result of the investigations by Respondent and the Staff, Respondent has implemented procedures which require:
  - a. That all of Respondent's OSJs located in the State of Texas maintain only centrally located fax machines;
  - b. Client authorizations in connection with requests to transfer funds to a third-party ("Third-party Requests") must be signature guaranteed or notarized;
  - c. Third-party Requests must be timely reviewed and initialed by a principal to document Respondent's verification that the check is not to be sent to the account representative's address and the funds are not to be wired to an account number under the account representative's control; and
  - d. Creation of a central Third Party Check/Wire Request file at each branch office.

#### CONCLUSIONS OF LAW

1. Respondent's failures to establish written supervisory procedures designed to supervise the activities of its agents with respect to the Distribution Forms and the use of the fax machine in the Agent's office constitute violations of §115.10(b)(1) of the Rules and Regulations of the Texas State Securities Board. ("Board Rules").
2. Pursuant to Section 14.A(6) of the Texas Securities Act, the foregoing violations of a Board Rule constitute bases for the issuance of an Order reprimanding Respondent.
3. Pursuant to Section 23-1.A(3) of the Texas Securities Act, the foregoing violations of a Board Rule constitute bases for the issuance of an Order assessing an administrative fine against Respondent.

#### ORDER

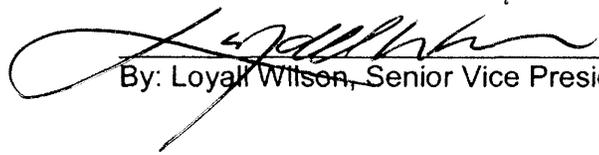
1. It is therefore ORDERED that Securian Financial Services, Inc. is hereby REPRIMANDED.
2. It is further ORDERED that Securian Financial Services, Inc. is hereby ASSESSED AN ADMINISTRATIVE FINE in the amount of Fifty Thousand Dollars (\$50,000.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Fifty Thousand Dollars (\$50,000.00), payable to the State of Texas, contemporaneously with the delivery of this Order.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 13<sup>th</sup>  
day of February, 2009.

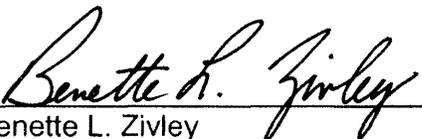
  
DENISE VOIGT CRAWFORD  
Securities Commissioner

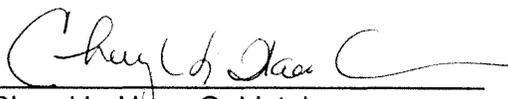
Respondent:

Securian Financial Services, Inc.

  
By: Loyall Wilson, Senior Vice President

Approved as to Form:

  
Benette L. Zivley  
Director  
Inspections and Compliance Division

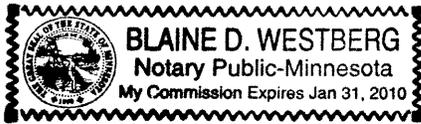
  
Cheryl L. Haas-Goldstein  
Sutherland Asbill & Brennan, LLP  
Attorney for Respondent

  
Ronak V. Patel  
Attorney  
Inspections and Compliance Division

**ACKNOWLEDGMENT**

On the 5th day of FEBRUARY, 2009, Securian Financial Services, Inc. ("Respondent"), by and through Loyall Wilson, its Senior Vice President, personally appeared before me, executed the foregoing Order, and acknowledged that:

1. Loyall Wilson is duly authorized to enter into the foregoing Order on behalf of Respondent;
2. Loyall Wilson has read the foregoing Order;
3. Respondent has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and,
5. Respondent, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



[affix notary seal here]

Blaine D. Westberg  
Notary Public in and for  
the State of MINNESOTA

My commission expires on: 01/31/2010