



JOHN MORGAN
SECURITIES COMMISSIONER

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DEPUTY SECURITIES COMMISSIONER

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Texas State Securities Board

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IN THE MATTER OF
UVEST FINANCIAL SERVICES
GROUP, INC.

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§

Order No. IC12-CAF-16

TO: Sara B. Davis
Vice President and Associate Counsel
LPL Financial LLC
75 State Street, 24th Floor
Boston, MA 02109

CONSENT ORDER

WHEREAS, state securities 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 dealer and investment adviser between January 1, 2005, and December 2, 2011; and

WHEREAS, the investigations revealed that Bankers has acted as a dealer and investment adviser in Texas 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 in Texas on behalf of Bankers; 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 (“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 securities 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 dealer registration in Texas; and

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

WHEREAS, UVEST, without admitting or denying the Conclusions of Law set forth below and solely for the purposes of this Order, admits the jurisdiction of the Texas State Securities Board (“TSSB”), admits the Findings of Fact set forth below, voluntarily consents to the entry of this Order by the Securities Commissioner of Texas (“Securities Commissioner”), and permanently waives any right to a hearing and appeal under The Securities Act, Tex. Rev. Civ. Stat. Ann. art. 581-1 et seq. (West 2010 and Supp. 2011) (“Texas Securities Act”), and the Administrative Procedure Act, Tex. Gov’t Code Ann. § 2001.001 et seq. (West 2010 & Supp. 2011) with respect to this Order;

NOW THEREFORE, the Securities Commissioner hereby enters this Order:

I.

FINDINGS OF FACT

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

2. BLCFS is a wholly-owned subsidiary of Bankers Life 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

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no business activity other than as described herein. BLCFS has never been registered as a dealer or investment adviser in Texas and it has not registered any agents or investment adviser representatives in Texas.

3. From on or about October 11, 1995 to on or about July 11, 2012, UVEST (CRD No. 13787) was registered with the Securities Commissioner as a dealer.
4. From on or about March 26, 2004 through February 6, 2012, UVEST, through an affiliate, was notice filed with the Securities Commissioner as a federal covered investment adviser.
5. Effective January 1, 2005, UVEST entered into a Financial Services Agreement with Bankers Life (the "UVEST Agreement") under which Bankers Life 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 Bankers Life branch office locations. The UVEST Agreement specified that UVEST would "exercise exclusive control" over the dealer and investment advisory activities of the dual agents and assigned Bankers Life several securities-related roles, which Bankers Life 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.
- 6. 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.
- 7. 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 any rights or duties separate from those of Bankers Life and made all of Bankers Life’s rights and duties also apply to BLCFS.
- 8. Bankers and UVEST terminated the UVEST Agreement effective on or about April 29, 2010.
- 9. 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.

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

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

II.

CONCLUSIONS OF LAW

1. The TSSB has jurisdiction over this matter pursuant to Sections 23, 23-1, and 28 of the Texas Securities Act.
2. The above conduct subjects UVEST to sanctions under Sections 23.A and 23-1 of the Texas Securities Act.

III.

ORDER

On the basis of the Findings of Fact, Conclusions of Law, and UVEST's consent to the entry of this Order,

IT IS HEREBY ORDERED:

1. UVEST shall CEASE AND DESIST from violating the Texas Securities Act.
2. Within ten (10) days after the entry of this Order, UVEST shall pay the sum of Fourteen Thousand One Hundred Fifty Dollars and Ninety-Four Cents (\$14,150.94) to the general fund of the state of Texas.
3. UVEST shall not attempt to recover any part of the payments addressed in this Order from dual agents, Bankers, or customers of UVEST.
4. UVEST shall fully cooperate with any investigation or proceeding related to the

subject matter of this Order.

5. This Order concludes the investigation by the TSSB and any other action that the Securities Commissioner could commence under applicable law on behalf of the state of Texas as it relates to the conduct 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 TSSB arising from or relating to the "Order" provisions contained herein.
6. If payments are not made by UVEST, or if UVEST defaults in any of its obligations set forth in this Order, the Securities Commissioner may vacate this Order, at the Securities Commissioner's sole discretion, upon ten (10) days notice to UVEST and without opportunity for administrative hearing or judicial review, and commence a separate action.
7. Nothing herein shall preclude the state of Texas, its departments, agencies, boards, commissions, authorities, political subdivisions and corporations, other than the TSSB 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.
8. This Order is not intended by the Securities 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.
9. This 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

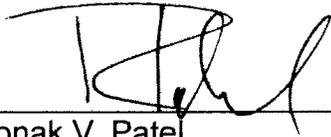
they otherwise are qualified, licensed or permitted to perform under applicable securities laws of the state of Texas, and any disqualifications from relying upon the state of Texas's registration exemptions or safe harbor provisions that arise from the Orders are hereby waived.

10. This Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of the state of Texas without regard to any choice of law principles.
11. This 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.
12. Except as set forth above, the TSSB agrees to take no action adverse to UVEST based solely on the same conduct addressed in this Order. However, nothing in this Order shall preclude the TSSB from: (a) taking adverse action based on other conduct; (b) taking this 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 Order; or (d) taking any action against other entities or individuals, regardless of any affiliation or relationship between UVEST and the entities or individuals.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 5th
day of September, 2012.


JOHN MORGAN
Securities Commissioner

Approved as to Form:



Ronak V. Patel
Deputy Securities Commissioner



Clinton T. Edgar
Attorney
Inspections and Compliance Division

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 ("Order"), and waives any right to a hearing and appeal.

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

Kathleen D. Van Noy Pineda (name) represents that he or she has been authorized to enter into this Order on behalf of UVEST Financial Services Group, Inc.

UVEST Financial Services Group, Inc.

By: Kathleen D. Van Noy Pineda
Title: Chief Compliance Officer
Date: 8/2/2012