

**COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2009-AH-71**

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

VALMARK SECURITIES, INC.

RESPONDENT

**AGREED ORDER**

1. The Department of Financial Institutions (“DFI”) is responsible for administering the provisions of Kentucky Revised Statutes (“KRS”) Chapter 292, the Securities Act of Kentucky (the “Act”), as well as any applicable rules, regulations and Orders entered pursuant to the Act.

2. On June 22, 2009, the Division of Securities (the “Division”) conducted a routine examination of the Respondent, ValMark Securities, Inc. (“ValMark”) at its branch located at 211 Grandview Drive, Suite 235, Fort Mitchell, Kentucky, 41017.

3. ValMark is a registered broker-dealer (BD-748) with the Division that has allowed a registered representative to operate an independent investment advisor (“IA”) as an outside business activity in Kentucky.

4. During the examination of ValMark, the Division discovered that an employee of the registered representative at the independent IA was transacting business in Kentucky involving securities in violation of the Act. Specifically, the employee performed advisory work for Kentucky clients, and held himself out as being able to do so, without being properly registered with the Division. This unregistered activity constitutes a violation of KRS §292.330.

5. The Department possesses a range of administrative authority in addressing violations of the Act, including the imposition of fines. *See* KRS §292.470; KRS §292.500.

6. In this case, the Department assessed a fine against ValMark in the amount of two thousand five hundred dollars (\$2,500.00).

7. In the interest of economically and efficiently resolving the matter described herein, DFI and ValMark agree as follows:

a. ValMark agrees to a fine assessment in the amount of two thousand five hundred dollars (\$2,500.00) for the violation(s) described herein;

b. ValMark agrees to and shall pay the total fine assessed herein of two thousand five hundred dollars (\$2,500.00) prior to the entry of this Agreed Order, which shall be in the form of a certified check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Attn: Christine Lewis, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601;

c. On or before December 31, 2009, ValMark shall: (i) edit its variable annuity switch forms in accordance with the recommended minimum standards suggested by DFI; and (ii) conduct training seminars approved by the Division regarding the business of variable annuities and the revised switch forms and accompanying requirements;

d. ValMark shall devote the time and resources necessary to ensure continual and full compliance with all statutory requirements set forth in the Act and the regulations set forth in 808 KAR Chapter 10; and

e. ValMark shall pay a total of one thousand dollars (\$1000.00) in examination fees and investigatory costs of fees. Of this total amount, two hundred and

sixty five dollars (\$265.00) is attributed to investigatory costs and fees. *See* KRS §292.500(15). The remaining amount, seven hundred and thirty five dollars (\$735.00) is attributed to the cost of the routine examination. *See* 808 KAR 10:400.

8. ValMark waives its right to demand a hearing at which it would be entitled to legal representation, to confront and cross examine witnesses, and to present evidence on its own behalf, or to otherwise appeal or set aside this Agreed Order.

9. ValMark consents to and acknowledges the jurisdiction of the DFI over this matter and that this Agreed Order is a matter of public record and may be disseminated as such.

10. In consideration of execution of this Agreed Order, ValMark for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, DFI, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims and demands whatsoever, known and unknown, in law or equity, that Multi-State ever had, now has, may have or claim to have against any or all of the persons or entities named in this paragraph arising out of or by reason of this investigation, this disciplinary action, this settlement or its administration.

11. By signing below, the parties acknowledge they have read the foregoing Agreed Order, know and fully understand its contents, and that they are authorized to enter into and execute this Agreed Order and legally bind their respective parties.

12. This Agreed Order shall constitute the Final Order in this matter.

**IT IS SO ORDERED** on this the 3<sup>rd</sup> day of November, 2009.

  
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CHARLES A. VICE  
COMMISSIONER


**Consented to:**

This 22 day of October, 2009.

This 27<sup>th</sup> day of October 2009.



Shonita Bossier, Director  
Division of Financial Institutions  
Department of Financial Institutions



Richard Arceci  
Chief Compliance Officer  
Executive Vice President  
ValMark Securities, Inc.

**ACKNOWLEDGEMENT**

STATE OF Ohio )  
COUNTY OF Summit )

On this the 27 day of October 2009, before me Richard Arceci, the undersigned, **Richard Arceci**, did personally appear and acknowledge himself to me, and that being authorized to do so, entered into and executed the foregoing instrument for the purposes therein contained.

In witness whereof I hereunto set my hand.

My Commission Expires: Sept. 11, 2010




Notary Public  
**SUSAN M. BUNGO**  
Resident Summit County  
Notary Public, State of Ohio  
My Commission Expires 09/11/10

**Certificate of Service**

I, Christine Lewis, hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 5<sup>th</sup> day of November, 2009, by certified mail, return receipt requested, to the following:

Lynn Goebel  
Mitch Deane  
ValMark Securities, Inc.  
130 Springside Drive  
Suite 300  
Akron, Ohio 44333-2431



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Christine Lewis  
Department of Financial Institutions  
1025 Capital Center Drive  
Suite 200  
Frankfort, Kentucky 40601  
502-573-3390 x240 (phone)  
502-573-2183 (facsimile)

Counsel for Complainant