STATE OF NORTH CAROLINA
DEPARTMENT OF THE SECRETARY OF STATE
SECURITIES DIVISION

IN THE MATTER OF:	)	**ADMINISTRATIVE CONSENT ORDER**
UVEST FINANCIAL SERVICES GROUP, INC.,	)	NC File No.: 14 SEC 085
Respondent.	)	

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

The investigations revealed that Bankers has acted as a broker-dealer and investment adviser in the State of North Carolina 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 N.C.G.S. §§78A-36(a), 78A-36(b), 78C-16(a) and (a1) and 78C-16(b); and

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

This Administrative 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

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

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 the State of North Carolina; and

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

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

NOW THEREFORE, the North Carolina Secretary of State hereby enters this Administrative Consent Order.

I.
FINDINGS OF FACT

1. Bankers Life 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 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 no business activity other than as described herein. BLCFS has never been registered as a broker-dealer or investment adviser in the State of North Carolina, and it has not registered any agents or investment adviser representatives in the State of North Carolina.

3. At all relevant times, UVEST (CRD No. 13787) was a broker-dealer registered in

the State of North Carolina and (through an affiliate) a federal covered investment adviser.

4. Effective January 1, 2005, Bankers Life entered into a Financial Services Agreement with UVEST (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 broker-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.

5. 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.

6. 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.

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 Bankers Life or BLCFS.

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

II.
CONCLUSIONS OF LAW

1. Under the North Carolina Securities Act, a person may not act as a broker-dealer in the State of North Carolina unless registered or exempt from registration. N.C.G.S. §78A-36(a).

2. Similarly, under the North Carolina Investment Advisers Act, a person may not act as an investment adviser in the State of North Carolina unless registered, exempt from registration, or a federal covered investment adviser. N.C.G.S. §78C-16(a)-(d) and §78C-17(a1).

3. A broker-dealer may not employ or associate with a securities salesman, as defined in N.C.G.S. §78A-2(9), unless the employee or associated person is registered as a salesman of the broker-dealer. N.C.G.S. §78A-36(b).

4. 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. N.C.G.S. §78C-16(b).

5. By engaging in the conduct set forth above, Bankers acted as an unregistered broker-dealer and investment adviser in the State of North Carolina in violation of N.C.G.S. §§78A-36(a) and 78C-16(a).

6. Furthermore, by employing or associating with dual agents who were not registered as securities salesmen or investment adviser representatives of Bankers, Bankers violated N.C.G.S. §78A-36(b) and 78C-16(b).

7. By engaging in the conduct set forth above, UVEST has materially aided an act, practice or course of business constituting a violation of the North Carolina Securities Act and the North Carolina Investment Advisers Act or a rule adopted or order issued thereunder, and such conduct is grounds for an order imposing sanctions under N.C.G.S. §§78A-47(b) and 78C-

28(b).

8. As a result, this Administrative Consent Order and the following relief are appropriate and in the public interest.

III.
ORDER

1. UVEST shall cease and desist from materially aiding Bankers in violating the North Carolina Securities Act and the North Carolina Investment Advisers Act under N.C.G.S. §§78A-36(a), 78A-36(b), 78C-16(a) and (a1) and 78C-16(b).

2. In accordance with the terms of the multistate settlement, UVEST shall pay an amount of $750,000 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 $14,150.94 to the State of North Carolina as its portion of the total amount, for the imposition of a civil penalty of $2,500.00, plus $11,650.94 for costs of investigation. Such payment shall be in the form of a certified or bank check made out to the North Carolina Department of the Secretary of State and submitted within ten days from the date this Administrative Consent Order is signed by the Secretary of State.

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 State of North Carolina 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 Administrative Consent Order.

4. UVEST shall not attempt to recover any part of the payments addressed in this Administrative 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 Administrative Consent Order.

6. This Administrative Consent Order concludes the investigation by the Securities Division and any other action that the Secretary of State could commence under applicable law on behalf of the State of North Carolina 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 Securities Division 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 Administrative Consent Order, the Secretary of State may vacate this Administrative 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 North Carolina, its departments, agencies, boards, commissions, authorities, political subdivisions and corporations, other than the Securities Division 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 Administrative Consent Order is not intended by the Securities Division 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 Administrative 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 the State of North Carolina, and any disqualifications from relying upon this State's registration exemptions or safe harbor provisions that arise from the Orders are hereby waived.

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

12. This Administrative 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 Securities Division agrees to take no action adverse to UVEST based solely on the same conduct addressed in this Administrative Consent Order. However, nothing in this Administrative Consent Order shall preclude the Securities Division from: (a) taking adverse action based on other conduct; (b) taking this Administrative 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 Administrative 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.

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina Department of the Secretary of State, this the 24TH day of JANUARY, ~~2017.~~ 2018 MH

Time of entry: 2:43, P.M.

ELAINE F. MARSHALL
SECRETARY OF STATE OF NORTH CAROLINA
and SECURITIES ADMINISTRATOR, by

REDACTED

KEVIN M. HARRINGTON
DEPUTY SECURITIES ADMINISTRATOR