ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF SOUTH CAROLINA

In the matter of

ProEquities, Inc.,

Respondent

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CONSENT ORDER

File Number 12022

CONSENT ORDER

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

WHEREAS, the investigations revealed that Bankers has acted as a broker-dealer and investment adviser in South 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, in violation of Sections 35-1-401, 35-1-402, and 35-1-403 of the South Carolina Uniform Securities Act of2005; and

WHEREAS, ProEquities, Inc. ("ProEquities") entered into an agreement with Bankers effective April 30, 2010, to provide brokerage and investment advisory services out of Bankers Life branch office locations; and

WHEREAS, the conduct addressed herein has resulted in no known direct consumer
harm, and the parties understand that registered agents or representatives of Pro Equities participated in all securities transactions and at locations that were registered with the appropriate securities authorities as broker-dealer locations of ProEquities; and

WHEREAS, ProEquities has cooperated with state regulators conducting the
investigations by responding to inquiries, providing documentary evidence, and halting further payment to BLCFS of broker-dealer and investment adviser related compensation while the investigations were pending; and

WHEREAS, ProEquities, as part of this settlement, agrees to comply with all state and federal licensing, registration, and other securities laws; and s.e. ATIOl'lilii!!'V
GENERAL'S OFFICE

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SECURITIES DIV1SION

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

WHEREAS, ProEquities, without admitting or denying the Findings of Fact m1d
Conclusions of Law set forth below and solely for the purposes of this Consent Order, admits the jurisdiction of the Securities Division of the Office of the Attorney General of the State of South Carolina (the "Securities Division"), voluntarily consents to the entry of this Consent Order, and waives any right to a hearing or to judicial review regarding this Consent Order;

NOW THEREFORE, the Securities Commissioner hereby enters this Consent Order.

I. FINDINGS OF FACT

I. 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 ofNASD or FINRA since 2003 m1d 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 South Carolina, and it has not registered any agents or investment adviser representatives in South Carolina.

3. At all relevant times, ProEquities (CRD No. 15708) has been a broker-dealer registered in
South Carolina and a federal covered investment adviser.

4. Bankers Life and BLCFS entered into an agreement with ProEquities effective April 30,
2010 (the "ProEquities Agreement"). The ProEquities Agreement specifies that ProEquities
would "exercise exclusive control" over the broker-dealer and investment advisory activities
of ProEquities agents who were also insul36.58 EMC ET BT 0.016 Tc 15.96 T1a283T1a64.4 157.2 304.93 Tm (ageo)T

e. paying for advertising and promotional material (BLCFS only) in the event that BLCFS ordered more than a reasonable quantity of such materials or required customization of them;

f. recruiting representatives for ProEquities and assisting with the licensing and registration process;

g. providing marketing, training and support; and

h. paying for:

1. pre-examination training for required FINRA examinations;
11. sales training materials;
m. recruitment and travel costs; and
1v. ProEquities stationary and business cards.

5. Under the Pro Equities Agreement, ProEquities was required to pay BLCFS between 87% and 91 % of revenue received by Pro Equities for the securities business conducted by the dual agents. Pro Equities also was required to provide reports to BLCFS of the amount of compensation to be paid to each dual agent for securities work, and BLCFS was to retain the difference.

6. BLCFS, in its current Form BD filing, lists the following as other business:

BLC Financial Services, Inc. (BLCF) provides sales support & a marketing
program to Bankers Life & Casualty agents who are securities licensed with
ProEquities. BLCFS will receive compensation from ProEquities based on
these securities sales. BLCFS will not have any representatives that sell to the
public.

7. Evidence obtained during the investigation indicated that Bankers screened prospective securities agents, trained new securities agents, conducted some periodic training sessions for securities agents, monitored and

3. If any state securities regulator determines not to accept the settlement offer of Pro Equities reflected herein, including the amount allocated to the applicable state according to the schedules referenced in paragraph 2 above, the payment to South Carolina set forth in paragraph 2 above shall not be affected; and ProEquities shall not be relieved of any of the non-monetary provisions of this Consent Order.

4. Pro Equities shall not attempt to recover any part of the payments addressed in this Consent Order from dual agents, Bankers Life, or customers of ProEquities.

5. ProEquities shall fully cooperate with any investigation or proceeding related to the subject matter of this Consent Order.

6. From the date of this Consent Order through March 31, 2015, and while Bankers has dual agents that are registered representatives or investment adviser representatives of
ProEquities, any agreement between Bankers and ProEquities shall be consistent with the provisions set forth in a separate Consent Order executed by Bankers and the Securities Commissioner in File Number 12020.

7. This Consent Order concludes the investigation by the Securities Division and any other action that the Securities Commissioner could commence under applicable law on behalf of the State of South Carolina as it relates to the violations described above, up to and including activity occurring through December 2, 2011; 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.

8. If payments are not made by Pro Equities, or if ProEquities defaults in any of its obligations
set forth in this Consent Order, the Securities Commissioner may vacate this Consent Order,
at his sole discretion, upon 10 days notice to Pro Equities and without opportunity for
administrative hearing or judicial review, and commence a separate action.

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or

12. This Consent Order and any dispute related thereto shall be construed and enforced in accordance

CONSENT TO ENTRY OF CONSENT ORDER BY THE SECURITIES DIVISION

The Securities Division of the Office of the Attorney General consents to entry of the above Consent Order, on this the lwil:iday ofQul'-f. , 2012.

THE SECURITIES DIVISION
OF THE STATE OF SOUTH CAROLINA

~"'OCJ:;& '~r-'~r-:::>~--- By: Tracy A. Meyers
Assistant Deputy Attorney General

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