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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

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COMMONWEALTH OF PENNSYLVANIA	:	PA DEPARTMENT OF
DEPARTMENT OF BANKING AND	:	BANKING AND SECURITIES
SECURITIES, BUREAU OF SECURITIES	:	
LICENSING, COMPLIANCE AND	:	Docket No. 15 <u>0020</u> (SEC-CAO)
EXAMINATIONS	:	
	:	
v.	:	
	:	
MML INVESTORS SERVICES, LLC	:	
	:	

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Bureau of Securities Licensing, Compliance and Examinations ("Bureau") has conducted an investigation of the securities activities of MML Investors Services, LLC (hereinafter, "MML" or the "Firm") pursuant to the Pennsylvania Securities Act of 1972, 70 P.S. §1-101, et. seq, ("1972 Act"). MML, neither admitting nor denying the allegations herein, and intending to be legally bound, hereby agrees to the terms of this Consent Agreement and Order ("Order").

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the 1972 Act.
2. The Bureau is primarily responsible for administering and enforcing the 1972 Act for the Department.
3. MML, CRD #10409, was, at all times material herein, registered in Pennsylvania pursuant to Section 301 of the 1972 Act, 70 P.S. § 1-301 as an investment adviser and broker-dealer with fifty-three (53) locations in Pennsylvania.

4. At all times material herein, the Firm's principal office has been and is located at 1295 State Street, Springfield, MA 01111-0001.

5. From in or about 1994 through 2013, Anthony D. Allen ("Allen"), CRD #2456361, was a registered representative of the Firm.

6. From 2006 – 2012, Allen was permitted by MML to use his personal residence as his business office and as a remote office location of MML.

7. At all times material herein, Allen was conducting securities business on behalf of MML at his personal residence of 1843 Susquehanna Avenue, Exeter, PA 18643.

8. At all times material herein, Allen also purportedly operated his own financial services business which was separate from MML and which Allen referred to as the "Allen Financial Group".

9. At all times material herein, Allen purportedly operated Allen Financial Group from his personal residence.

10. At all times material herein, Allen Financial Group was an "outside business activity" ("OBA") to MML, as that term is defined by FINRA Rule 3270.

11. Pursuant to FINRA Rule 3270 (and MML's compliance manuals), OBAs of MML's registered persons are to be disclosed to the firm.

12. In this instance, the Firm had not approved of the Allen Financial Group as an OBA of Allen.

13. MML terminated Allen as a registered representative in April 2013.

14. Certain Pennsylvania residents ("PA Residents") have complained to the Bureau regarding investment funds they provided to Allen, through Allen Financial Group, prior to April 2013.

15. In particular, PA Residents complained that Allen, through Allen Financial Group, issued, and offered and sold to them unregistered promissory notes (Notes).

16. In total, five complaints have been filed with the Bureau regarding the securities activities of Allen through Allen Financial Group.

17. The Bureau is aware of twelve Notes which were issued, offered, and sold by Allen through Allen Financial Group for a total of approximately \$385,000.

18. Pursuant to FINRA Rule 3040 (and MML's compliance manuals), issuing the Note away from the Firm constitutes a "private securities transaction", or "selling away" from the Firm.

19. In this instance, the Firm had not approved of the issuance and/or offers and sales of the Notes by Allen.

20. In response to the PA Residents' complaints, the Bureau has conducted interviews of these Pennsylvania Residents; an investigation of Allen (though he is deceased as of November 9, 2013); and an examination of the Firm.

VIOLATION

21. By engaging in the acts and conduct set forth in paragraphs 5 through 20 above, MML is subject to a sanction under Section 305(a)(vii) of the 1972 Act, 70 P.S. § 1-305(a)(vii) for a failure to reasonably supervise an agent of the Firm.

AUTHORITY

22. The Department has authority in Section 305(a) of the 1972 Act to deny, suspend, revoke or condition a securities registration, see 70 P.S. §1-305(a).

23. The Department has authority in Section 602.1(b) of the 1972 Act to assess legal and investigative costs to a registrant upon whom the Bureau has conducted an examination, audit, investigation or prosecution, *see* 70 P.S. § 1-602.1(b).

24. The Department has authority in Section 602.1(c) of the 1972 Act to impose an administrative assessment against a broker-dealer registered under section 301 where the Department determines that the firm has failed reasonably to supervise its agents or employees, see 70 P.S. § 1-602.1(c).

RELIEF

25. Within ten days of the Effective Date of this Order, as defined by Paragraph 35, MML Investors Services, LLC is ORDERED to pay an administrative assessment in the amount of \$100,000 pursuant to Section 602.1(c) of the 1972 Act, 70 P.S. § 1-602.1(c). Payment shall be made by certified check or money order that is made payable to the "Department of Banking and Securities" and shall be mailed or delivered, in person, to the Bureau of Licensing, Compliance and Examinations located at 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

26. Within ten days of the Effective Date of this Order, as defined by Paragraph 35, MML Investors Services, LLC is ORDERED to pay legal and investigative costs in the amount of \$25,000 pursuant to Section 602.1 (b) of the 1972 Act, 70 P.S. § 1-602.1 (b). Payment shall be made by certified check or money order that is made payable to the "Department of Banking and Securities" and shall be mailed or delivered, in person, to the Bureau of Licensing, Compliance and Examinations located at 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

27. MML Investors Services, LLC is ORDERED to comply with the 1972 Act, and its Regulations as adopted by the Department, 70 P.S. §1-101, et. seq.

28. Should MML Investors Services, LLC fail to pay the costs as set forth in Paragraph 26 above and/or the administrative assessment as set forth in Paragraph 25 above, the sanctions set forth elsewhere in the Order shall continue in full force and effect until full payment is made. However, this provision shall not be construed as affording MML Investors Services, LLC the option

of either paying the costs and assessment or being indefinitely subjected to the sanctions.

29. Should MML Investors Services, LLC fail to comply with any or all provisions of this Order, the Department may impose additional sanctions and costs and seek other appropriate relief subject to the right to a hearing pursuant to the 1972 Act.

30. MML Investors Services, LLC has represented that it has made certain payments to certain PA Residents related to the securities activities of the Allen Financial Group.

FURTHER PROVISIONS

31. Consent. MML hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Department's authority under the 1972 Act and agrees that it understands all of the terms and conditions contained herein. MML, by voluntarily entering into this Order, waives any rights to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

32. Entire Agreement. This Order contains the entire agreement between the Department and MML. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the parties.

33. Binding Nature. The Department and MML and all heirs and assigns of them intend to be and are legally bound by the terms of this Order.

34. Counsel. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

35. Effectiveness. MML hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order ("Effective Date").

36. Other Enforcement Action.

a. The Department reserves all of its rights, duties, and authority to enforce all statutes, rules and regulations under its jurisdiction against MML in the future regarding all matters not resolved by this Order; and

b. MML acknowledges and agrees that this Order is only binding upon the Department and not any other local, state, or federal agency, department or office regarding matters within this Order.

c. MML acknowledges and agrees that this Order does not preclude any other agency from instituting administrative, civil or criminal proceedings that may be related to matters addressed by this Order.

37. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

38. Counterparts. This Order may be executed in separate counterparts, by facsimile and by PDF.

39. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

40. Finding. The Department finds that it is necessary and appropriate, in the public interest and for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the 1972 Act to issue this Order.

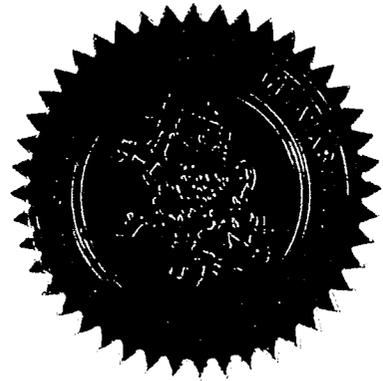
WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities, Licensing, Compliance and Examinations and MML Investors Services, LLC intending to be legally bound, do hereby execute this Consent Agreement and Order.

**FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES,
BUREAU OF SECURITIES LICENSING, COMPLIANCE AND EXAMINATIONS**

Redacted

James Klutinoty, Chief, Western Region

Date: 7/6/15



MML INVESTORS SERVICES, LLC

Redacted

(Signature)

John A. Vaccaro
(Print Name)

President
(Title)

Date: 6/30/15