

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of Pruco Securities, LLC,)
)
 Respondent.)

CONSENT ORDER

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On July 12, 2004, the North Dakota Securities Department initiated an investigation into the activities of Pruco Securities, LLC, and its agent, Dale F. Roehrich. The investigation, which was based on the complaint of a North Dakota resident, is contained in NDSD file #04-310.

The North Dakota Securities Commissioner has advised the Respondent, Pruco Securities, LLC, that the Commissioner is prepared to commence formal action pursuant to North Dakota Century Code Chapter 10-04 and has determined as follows:

1. Respondent, Pruco Securities, LLC. (CRD # 5685) is a securities dealer headquartered in New Jersey. For all times relevant to this matter, Respondent has been registered as a dealer in North Dakota.
2. For all times relevant to this matter, Dale F. Roehrich (CRD # 1775964) was employed as an agent of the Respondent.
3. On or around June 27, 2001, Roehrich converted a \$5,000 life insurance policy for a \$100,000 variable life policy for the account of a North Dakota resident. The variable life insurance policy was not suitable based on the investment objectives and risk temperament of the investor, as the costs associated with maintaining the policy exceeded the ability of the investor.
4. With respect to the variable life insurance policy discussed above, Roehrich did not consult with or gain the approval of the investor as to the investment sub-accounts

into which the value of this policy was invested. Roehrich made those allocations without the authorization of the investor.

5. The allocation of the investment sub-accounts, as selected by Roehrich, was not suitable based on the investment objectives and risk temperament of the investor, in that they were aggressive investments.

6. At the time of this investment, the investor was nearing retirement. The investor had only a high school education and no previous investment experience. Despite this, the variable life application indicated that the investor's risk temperament was "aggressive." At the time this application was completed, it appears that Roehrich knew that this application did not accurately reflect the risk temperament of the investor.

7. Pursuant to Sections 73-02-09-02(3) and 73-02-09-03(6) N.D.A.C., it is a dishonest or unethical practice for an agent to recommend a securities transaction that is not suitable based on the customer's investment objectives, financial situation and needs. The facts described in paragraphs 3 and 5, above, are dishonest or unethical practices according to these sections.

8. Pursuant to Sections 73-02-09-02(4) and 73-02-09-03(6) N.D.A.C., it is a dishonest or unethical practice for an agent to execute a transaction on behalf of a client without authorization to do so. The facts described in paragraph 4, above, are dishonest or unethical practices according to these sections.

9. Pursuant to Section 10-04-15 N.D.C.C., fraudulent practices are prohibited in connection with the offer or sale of a security. The facts described in paragraphs 3 thru 6, above, are fraudulent practices prohibited by that section.


10. Respondent has a duty to reasonably supervise its agents pursuant to Section 10-04-11(1)(m) N.D.C.C. Respondent designated a qualified principal to supervise Roehrich, however, Respondent failed to reasonably supervise Roehrich with respect to this transaction, as Roehrich's supervisor failed to act to confirm the intentions and needs of the investor. Specifically, Respondent's supervisory system notified Roehrich's supervisor about the transaction and many of the concerns outlined in this Order. Roehrich's supervisor did not contact the investor at any time or in any way. Roehrich's supervisor did not confirm the investor's knowledge and understanding of the investment, or her investment objectives.
11. Pursuant to Section 10-04-16(1) N.D.C.C., when it shall appear to the Commissioner that any person has engaged in, or is engaging in, or is about to engage in any act or practice which is declared illegal in this chapter, the Commissioner may issue any order and collect civil penalties against any person found in an administrative action to have violated any provision of the chapter in an amount not to exceed \$10,000 for each violation. The violations described above are sufficient grounds for the Commissioner to assess civil penalties against the Respondent pursuant to Section 10-04-16(1) N.D.C.C.
12. Respondent acknowledges its right to a hearing on this matter and waives this right to a hearing and to present arguments to the Commissioner. Respondent agrees to resolve this matter with the Securities Commissioner by this Consent Order.
13. Respondent has resolved this matter with the North Dakota resident complainant through a separate settlement.
14. The following Order is necessary and appropriate in the public interest and for the protection of investors.

NOW, THEREFORE, IT IS ORDERED, THAT:

1. Respondent shall reasonably supervise all of its agents with respect to securities transactions conducted in North Dakota.
2. Respondent shall pay a civil penalty of \$2,000, made payable to the North Dakota Securities Department, pursuant to Section 10-04-16(1) N.D.C.C.
3. This Order shall be effective upon signature of the Commissioner.

Dated at Bismarck, North Dakota on this 15th day of July, 2005.





Karen J. Tyler, Securities Commissioner
North Dakota Securities Department
State Capitol, Fifth Floor
600 East Boulevard
Bismarck, ND 58505-0510
Ph. # (701) 328-2900

6. The Respondent admits the factual determinations of the Commissioner, as set forth in the foregoing Consent Order, and it is specifically precluded from denying those determinations in any forum, public or otherwise.

7. The Respondent consents to entry of the foregoing Consent Order by the Securities Commissioner, and does so willingly for the purpose of resolving the issues described in the foregoing Consent Order.

Dated this 22nd day of June, 2005.

Pruco Securities, LLC.
751 Broad Street
Newark, NJ 07102-3777

Jeffery G. Gordin
By: *Patricia G. Gordin*
Its: *President*

Subscribed and Sworn before me this 22nd day of June, 2005.

(Notary Seal)

Carol Susan Krawetz
Notary Public
State: *New Jersey* County: *Essex*
My Commission Expires:

CAROL SUSAN KRAWETZ
A NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Mar. 26, 2010