

STATE OF NORTH DAKOTA  
COUNTY OF BURLEIGH

BEFORE THE  
SECURITIES COMMISSIONER

RECEIVED

In the Matter of State Farm VP )  
Management Corp., )  
 )  
Respondent. )

CONSENT ORDER 1 30 1998

SECURITIES COMMISSIONER  
STATE OF NORTH DAKOTA

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The North Dakota Securities Commissioner has advised the Respondent, State Farm VP Management Corp., that he is prepared to commence formal action pursuant to NDCC Chapter 10-04 and has determined as follows:

1. That ~~per~~ Respondent, State Farm VP Management Corp., ("State Farm") filed an application to become registered as a Dealer in North Dakota on June 29, 1998, pursuant to NDCC §10-04-10.
2. Information obtained by the Commissioner during a review of the Respondent's application discovered that Respondent, State Farm, by and through its agents, Jay Gotta, Kathleen Kelsch, Todd Otto, Richard Richter and Rodney Skyltand, executed transactions in variable annuities, which are securities under North Dakota law, on behalf of fourteen (14) North Dakota clients prior to the submission and approval of State Farm's application for dealer registration in North Dakota. Each transaction was made in violation of §10-04-10 N.D.C.C.
3. In their affidavit of Broker/Dealer activity, received by the Commissioner on September 28, 1998, State Farm acknowledged the above-referenced violations and stated that they believed that they were registered at the time the transactions were made.

4. Pursuant to NDCC §10-04-16, 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, in his discretion, 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.
5. The information described above is sufficient grounds for the Commissioner to assess civil penalties against Respondent pursuant to NDCC §10-04-16. Further, this information is sufficient grounds for the denial of Respondent's application for registration as a dealer in North Dakota.
6. Respondent acknowledges its right to a hearing on this matter and, upon advise of counsel, waives its right to a hearing in this matter and to present arguments to the Commissioner.
7. Respondent, without admitting or denying the Commissioner's findings put forth above, agrees to resolve this matter with the Office of the Securities Commissioner by this agreement, and this is evidenced by its representative's signature below.
8. The following Order is necessary and appropriate in the public interest.

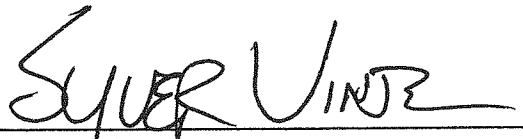
**NOW, THEREFORE, IT IS ORDERED, THAT:**

1. Respondent shall not transact any securities business with any person in North Dakota unless registered as a dealer or properly exempted under NDCC Chapter 10-04.

2. Respondent shall not employ any person to represent them as a securities salesman for any securities business with any person in North Dakota unless such person is registered as a salesman or properly exempted under NDCC Chapter 10-04.
3. Respondent shall pay a civil penalty of \$7,000 to the Office of the Securities Commissioner pursuant to NDCC §10-04-16.
4. Within ten (10) days of the execution of this Consent Order, Respondent shall make an offer of rescission, pursuant to §10-04-17 N.D.C.C., of the purchase price plus applicable interest at the statutory rate, to each North Dakota resident to whom Respondent sold variable annuities or any other securities in violation of North Dakota law. For each rescission offer which is accepted, Respondent shall make the full rescission within ten (10) days of its receipt of the request for rescission.
5. This Order shall be effective upon signature of the Commissioner.

Signed and Sealed this 8<sup>th</sup> day of December, 1998.



  
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Syver Vinje  
North Dakota Securities Commissioner  
State Capitol-5th Floor  
600 East Boulevard Ave.  
Bismarck, ND 58505-0510  
(701) 328-2910

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Respondent. )

CONSENT TO ENTRY  
OF ORDER

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The undersigned, acting on behalf of State Farm VP Management Corp., states that he/she has read the foregoing Consent Order; that he/she knows and fully understands its contents and effects; that he/she is authorized to execute this Consent to Entry of Order on behalf of the Respondent; that Respondent has waived its rights to a hearing with respect to this matter; and that Respondent consents to entry of the Consent Order by the Securities Commissioner without admitting or denying the findings of fact and conclusions of law contained herein. It is further expressly understood that the Consent Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either expressed or implied.

Dated this 4th day of December, 1998.

State Farm VP Management Corp.  
One State Farm Plaza  
Bloomington, IL 61710-0001

By: Terry L. Huff  
(Type or Print Name)

Signed: *Terry L. Huff*  
Capacity: Assistant Vice President

Subscribed and Sworn before me this 4th day of December, 1998

*Karen D. Dennis*  
Notary Public  
State: Illinois County: McLean  
My Commission Expires: 5/4/2000

(Notary Seal)

