

4. Pursuant to the authority contained in Insurance Regulation I-2001-03 titled *Life Insurance and Annuities Replacement Regulation* (“Regulation I-2001-03”) violations of this Regulation shall subject the violators to penalties under Vermont law that may include the revocation or suspension of a producer’s license and monetary fines.

5. Respondent, Jeffrey R. Faber, whose address of record is 32 Park Street, Brandon, Vermont 05733, is licensed to engage in the business of insurance in the State of Vermont as a resident producer and has, at all times mentioned herein, held a Vermont resident producer license, license number 61814.

6. Allianz Life Insurance Company of North America (“Allianz”) notified the Department by letter dated January 25, 2010 that Allianz had terminated Respondent’s appointment for cause.

7. At all times mentioned herein, Respondent sold or solicited sales of annuities to Vermont consumers.

8. The Department investigated the activities of Respondent as they relate to the sales or solicitation of sales of annuities in Vermont.

9. The Department’s investigation showed that Respondent solicited and/or consummated (sold) annuity transactions that were unsuitable transactions for the people being solicited or the people who bought the annuity, as discussed more fully herein.

10. On March 26, 2008, Respondent sold an indexed annuity issued by Aviva Life and Annuity Company (“Aviva”) to consumer GP¹.

11. On August 13, 2009, Respondent recommended that GP surrender the Aviva annuity and purchase an annuity issued by Allianz.

¹ The consumers are identified by initials in this Stipulation and Consent Order to protect the privacy of the individuals. The names of the consumers are provided to the Commissioner and to the Respondent in Confidential Attachment A.

12. GP surrendered the Aviva annuity and paid a surrender penalty.

13. On April 3, 2008, Respondent sold an indexed annuity issued by Aviva to consumer MJP.

14. On August 13, 2009, Respondent recommended that MJP surrender the Aviva annuity and purchase an annuity issued by Allianz.

15. MJP surrendered the Aviva annuity and paid a surrender penalty.

16. Respondent instructed both GP and MJP to specifically request Aviva to send the returned premiums from the surrendered Aviva annuities to GP and MJP personally and not to send to Allianz as the purchase premiums for the Allianz annuities.

17. Respondent additionally instructed GP and MJP to deposit the returned premiums from the surrendered Aviva annuities to their personal account and to then write checks from their account for the purchase of the Allianz annuities.

18. Respondent instructed another Vermont licensed producer, who did not partake in any of the sales discussions with GP and MJP, to sign GP's and MJP's applications for the purchase of the Allianz annuities as the selling agent and to attest to the accuracy of the recording of the statements and representations made by GP and MJP on their applications.

19. Respondent knew that the other producer did not know whether or not the statements made by GP and MJP were correctly recorded when he instructed the other producer to sign and attest to the accuracy of the recording of the statements and representations made by GP and MJP.

20. Respondent instructed the other producer to sign the product suitability forms

for GP and MJP and instructed the other producer to acknowledge that the annuities were suitable for the financial needs and objectives of GP and MJP.

21. Respondent knew that the other producer did not obtain any of the information on the suitability forms from GP and MJP when he instructed the other producer to acknowledge that the annuities were suitable for the financial needs and objectives of GP and MJP.

22. Respondent represented or instructed the other producer to represent on GP's Allianz application that the purchase of the Allianz annuity by GP would not replace the existing Aviva annuity.

23. Respondent represented or instructed the other producer to represent on MJP's Allianz application that the purchase of the Allianz annuity by MJP would not replace the existing Aviva annuity.

24. Respondent solicited and sold the Allianz annuity to GP when he had reason to know or should have had reason to know that the annuity sale was unsuitable.

25. Respondent solicited and sold the Allianz annuity to MJP when he had reason to know or should have had reason to know that the annuity sale was unsuitable.

26. On February 28, 2008, Respondent sold an indexed annuity issued by Aviva to consumer HRC.

27. On or about February 18, 2009, Respondent sold an indexed annuity issued by Allianz to HRC's wife for the purpose of funding the annuity with the amount of the distribution value of HRC's Aviva annuity.

28. On or about March 24, 2009, Respondent recommended that HRC surrender the Aviva annuity and to place the distribution into his wife's Allianz annuity.

29. HRC surrendered the Aviva annuity and paid a surrender penalty.

30. Respondent solicited and sold the Allianz annuity to HRC's wife when he had reason to know or should have had reason to know that the annuity sale was unsuitable.

31. The Respondent's above-described business practices constituted an unfair method of competition or were unfair or deceptive acts or practices in violation of 8 V.S.A. § 4723 pursuant to 8 V.S.A. §4724 (16) in that Respondent solicited or sold annuities when he knew or should have reason to know that the annuities were unsuitable for the persons purchasing them.

32. Based on an Ex Parte Motion for the Issuance of a Cease and Desist Order filed by the Department on April 23, 2010 and on the affidavit attached thereto, the Commissioner issued a Cease and Desist Order and Notice of Right to Request Hearing in this docket which found, *inter alia*, that Respondent had shown himself to be untrustworthy and had violated Regulation I-2001-03.

33. Respondent did not request a hearing on the Order referenced in the preceding paragraph.

34. Respondent has been made aware that the Department may proceed with an administrative action against him seeking appropriate relief pursuant to the authority contained in 8 V.S.A. § 4723, Regulation I-2001-03 and 8 V.S.A. § 4804(a).

35. Respondent's license is currently inactive, having expired effective March 31, 2011.

36. Respondent is desirous of resolving this matter by entering into this Stipulation and Consent Order with the Department on the terms and conditions hereinafter set forth without the necessity of administrative charges being filed against him.

37. Respondent agrees not to contest the validity of the findings contained herein in the event of any future administrative or judicial action.

38. Respondent does not admit to the Department's additional allegations of wrongdoing not set forth in this Stipulation and Consent Order.

NOW THEREFORE, the Department and Respondent further stipulate and agree as follows:

- A. Respondent shall deliver his license to the Department within ten (10) days of the execution of this Consent Order.
- B. Respondent shall pay the Department's reasonable costs and expenses associated with this Order and Investigation pursuant to 8 V.S.A. § 18 of Five Thousand Three Hundred and Seventeen Dollars and Sixty Cents (\$5,317.60) in immediately available funds within ten (10) days of the execution of this Consent Order.
- C. Respondent hereby waives his statutory right to a notice and a hearing before the Commissioner of the Department, or his designated appointee.
- D. Respondent acknowledges and agrees that this stipulation is entered into freely and voluntarily and that except as set forth herein, no promise was made to induce the Respondent to enter into it. Respondent acknowledges that he has consulted with an attorney in this matter and that he has reviewed

this Stipulation and Consent Order with his attorney. Respondent acknowledges that he understands all terms and obligations contained herein.

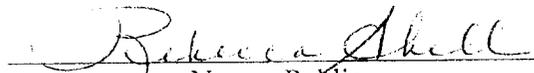
Dated at Brandon [insert city], Vermont this 20 day of April, 2011.



Jeffrey R. Faber

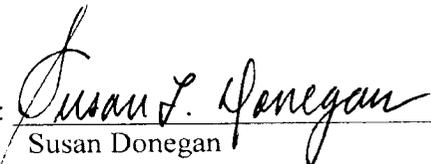
STATE OF VERMONT
COUNTY OF Franklin

Sworn to and subscribed before me this 20th day of April, 2011.



Notary Public

REBECCA ABELL
Notary Public, State of Vermont
My Commission Expires: Commission Expires 2/10/15

Accepted by: 

Susan Donegan
Deputy Commissioner, Insurance
Division, Vermont Department of
Banking, Insurance, Securities and
Health Care Administration

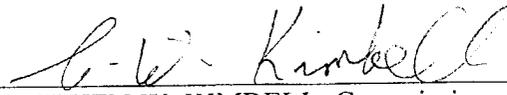
Date: 4/27, 2011.

ORDER

IT IS HEREBY ORDERED:

- A. Respondent, Jeffrey R. Faber, shall comply with all agreements, stipulations and undertakings as recited above.
- B. Nothing contained in this Order shall restrain or limit the Department from pursuing any other violation of law.

Dated at Montpelier, Vermont this 28th day of April, 2011.



STEPHEN W. KIMBELL, Commissioner
Vermont Department of Banking, Insurance, Securities and
Health Care Administration