

STATE OF MICHIGAN
OFFICE OF FINANCIAL AND INSURANCE SERVICES
DIVISION OF SECURITIES

In the Matter of:

Docket No. SA 8641

Mutual Benefits Corporation
Suite 200
2881 E. Oakland Park Boulevard
Fort Lauderdale, Florida 33306

(Respondent)

RECEIVED

JAN X 2 2002

SECURITIES & INSURANCE OFFERINGS

CONSENT ORDER TO COMPLY WITH THE MICHIGAN UNIFORM SECURITIES ACT
AND THIS ORDER AND AN ORDER OF DISMISSAL
PURSUANT TO THE MICHIGAN UNIFORM SECURITIES ACT

The Office of Financial and Insurance Services of the Michigan Department of Consumer and Industry Services (hereafter the Office), pursuant to the Administrative Procedures Act of 1969, 1969 PA 306, as amended; MCLA 24.201 et seq; MSA 3.560(101) et seq; the Michigan Uniform Securities Act, 1964 PA 265, as amended; MCLA 451.501 et seq; MSA 19.776(101) et seq (hereafter the Act), and the rules promulgated under the Act (hereafter the Rules), says that:

FACTS COMMON TO THE COUNT

1. Mutual Benefits Corporation ("MBC"), whose address is 2881 E. Oakland Park Boulevard, Suite 200, Fort Lauderdale, Florida 33306, was organized in October 1994 as a Florida corporation. MBC is engaged, among other things, in the business of effecting transactions in fractionalized viatical settlement contracts ("Viaticals").

2. Peter Lombardi is the President of MBC and is authorized to sign this Consent Order on behalf of MBC.

3. In or around 1996, MBC had a business relationship with various parties who sold fractionalized interests in viatical settlement contracts in several states. Through these parties, MBC sold several fractionalized interests in viatical settlement contracts in the State of Michigan. During 1996, two Michigan residents invested in Viaticals through MBC, and through Gary Lee Harden and Robert W. Harden.

4. MBC made these offers and sales under the belief that these fractionalized interests were not "securities" under the Act, or the applicable federal laws or regulations, and that these sales were not subject to regulation as such under the Act or federal securities laws. MBC's belief was premised on *SEC v. Life Partners, Inc.*, 898 F. Supp. 14 (D.D.C. 1995), *rev'd on other grounds*, 87 F.3d 536 (D.C. Cir. 1996).

COUNT I

UNREGISTERED, NONEXEMPT SECURITIES

5. Paragraphs one, three and four above are incorporated herein by reference and realleged as if fully set forth.

6. The Department has alleged that the fractionalized viatical settlement contracts offered and sold by MBC are investment contracts that are not exempt from registration under the Act.

7. The offer and sale of unregistered, nonexempt securities is a violation of Section 301 of the Act.

WHEREAS, MBC admits that the aforementioned factual allegations numbered paragraphs one through four are true and correct but neither admits nor denies that such facts constitute violations of the Act; and

WHEREAS, MBC has voluntarily agreed to waive all rights to a hearing upon entry of this Order and has consented to the entry of this Order; and

WHEREAS, pursuant to Sections 412(a) and 412(b) of the Act, the Office finds this Order necessary and appropriate in the public interest, for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act; and

WHEREAS, the Office and MBC are desirous of settling this matter as hereafter set forth and agree to the entry of this Order;

WHEREAS, MBC understands the Office's position that fractionalized interests in viatical settlement contracts are securities under the Act. MBC desires to facilitate a prompt and mutually satisfactory resolution of the matter and to comply fully with the Act and other applicable law. Acknowledging the Office's position on these issues, but without accepting the Office's conclusions, MBC consents to the following:

- i. MBC currently is not engaged in the sale of any securities in Michigan and will not offer to sell any interest in fractionalized viatical settlement contracts in the future to Michigan residents unless in full compliance with the applicable registration or exemption requirements of the Act or in compliance with the requirements set forth below.
- ii. MBC will draft and use appropriate offering materials as set forth below when offering interests in fractionalized viatical settlement contracts within the State of Michigan. MBC will disclose this Order in its offering material and MBC will provide information in the offering material sufficient to answer the following questions:
 - a. What is a viatical settlement contract?
 - b. What is MBC's role in selling viatical settlement contracts?
 - c. What is the price of a viatical settlement contract and how is it determined?
 - d. How is MBC compensated by the sale of these contracts?

- e. What is the life expectancy of a Viator, how is it determined and what happens if the Viator lives beyond the predicted life expectancy?
 - f. How liquid is an investment in a viatical settlement contract?
 - g. What are the risks associated with the expectation of payment from insurance company issuing the Viator's life insurance policy?
 - h. What additional risks are associated with investing in fractionalized viatical settlement contracts?
- iii. When MBC is involved in the sale of a fractionalized viatical settlement contract with a Michigan resident, MBC will provide the Michigan investor with the following additional information regarding the fractionalized viatical settlement contract purchased by the Michigan investor:
- a. The name of the insurance company involved;
 - b. The insurance policy number involved;
 - c. Upon the consent of the Insured, the name of the Insured, subject to a commitment by the investor to maintain the confidentiality of the Insured, or a system that allows for a distinct reference number corresponding to the identity of the Insured; and
 - d. a system, using an independent third party, that would provide the names and addresses of the investors who own an interest in a fractionalized viatical settlement contract to the other investors in that policy in the event that it is necessary for the investors to make any premium payments under the policy or to otherwise protect their interests under the policy.
- iv. MBC agrees to offer and sell fractionalized viatical settlement contracts in Michigan only through broker-dealers registered with Michigan or through agents of MBC or an affiliate who are registered agents in accordance with procedures established by the Office for registration of agents selling fractional interest in viatical contracts.
- v. MBC, when involved in issuing, offering and selling fractionalized interests in viatical settlement contracts within the State of Michigan, will annually file the following offering materials as notice filing with the Office pursuant to an exemption order under Section 402(b)(20) of the Act.:
- a. A Variable Issuer 402(b)(20) Exemption/Exemption Renewal Request Form;

ANY COMMUNICATION regarding this Order should be addressed to the Office of Financial and Insurance Services, Division of Securities, Enforcement Section, Attention: Gerald F. Sheppard, 6546 Mercantile Way, P.O. Box 30222, Lansing, Michigan 48909.

MICHIGAN DEPARTMENT OF
CONSUMER AND INDUSTRY SERVICES

By: Frank M. Fitzgerald
Frank M. Fitzgerald, Commissioner
Office of Financial and Insurance Services
6546 Mercantile Way
P.O. Box 30701
Lansing, Michigan 48909-8201

Dated: 1/30/01
Lansing, Michigan

By: Peter Lombardi
Peter Lombardi, as President
Of Mutual Benefits Corporation

Dated: 1/15/01
Fort Lauderdale, Florida

MUTUAL BENEFITS CORPORATION
CONSENT ORDER

CONSENT TO ENTRY OF ORDER

I, Peter Lombardi, as President of Mutual Benefits Corporation, state that I have read the foregoing Order; that I know and fully understand the contents thereof; that I admit the aforementioned factual allegations in numbered paragraphs one through four are true and correct but neither admit nor deny that such facts constitute violations of the Act; that MBC will comply with the terms and conditions stated therein; that I have been advised of MBC's right to a hearing and to be represented by counsel at all times during this matter; and that I, on behalf of MBC, consent to the entry of this Order; expressly waiving MBC's right to a hearing. I understand that this Order is a public document and is available to members of the public upon request.

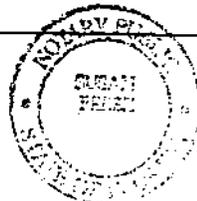
By: *Peter Lombardi*
Peter Lombardi, as President of
Mutual Benefits Corporation

Date: 1/15/01

Subscribed and sworn to before me this
15 day of January 2001

Susan Perry

Notary Public
Acting in the County of: Berrien
State of: FL
My Commission Expires: _____



OFFICIAL NOTARY SEAL
COMMISSION EXPIRES 12/31/03
MY COMMISSION ID: 00000000000000000000

Approved as to form and content:

Hugh H. Makens

Hugh H. Makens, Esq.
Warner Norcross & Judd LLP
900 Old Kent Building
111 Lyon Street, N.W.
Grand Rapids, MI 49503-2487

MUTUAL BENEFITS CORPORATION
CONSENT ORDER

A copy of this Order was sent by Certified Mail to:

Peter Lombardi, President
Mutual Benefits Corporation
2881 E. Oakland Park Blvd., Suite 200
Ft. Lauderdale, Florida 33306

Mutual Benefits Corporation
Suite 200
2881 E. Oakland Park Boulevard
Fort Lauderdale, Florida 33306

Hugh H. Makens, Esq.
Warner Norcross & Judd LLP
900 Old Kent Building
111 Lyon Street, N.W.
Grand Rapids, Michigan 49503-2487

A copy of this Order was sent by Interdepartmental Mail to:

E. John Blanchard
Assistant Attorney General
Criminal Division
6520 Mercantile Way, Suite 1
P.O. Box 30218
Lansing, Michigan 48909

Division of Securities
Office of Financial and Insurance Services
6546 Mercantile Way
P.O. Box 30218
Lansing, Michigan 48909

Enforcement Section
Division of Securities
Office of Financial and Insurance Services
6546 Mercantile Way
P.O. Box 30222
Lansing, Michigan 48909

Carol Christensen
Bureau of Hearings
611 W. Ottawa, 2nd Floor
P.O. Box 30018
Lansing, Michigan 48909

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STATE OF MICHIGAN
DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES
CORPORATION, SECURITIES AND LAND DEVELOPMENT BUREAU

In the Matter of: --

Gary Lee Harden
100 W. McLeod Avenue
Ironwood, Michigan 49938

Docket No. SA 8641

CRD No. 2049866

(Respondent)

**CONSENT ORDER TO REVOKE AGENT REGISTRATION,
TO CENSURE, TO REVOKE AND DENY EXEMPTIONS,
TO CEASE AND DESIST, AND ORDER OF DISMISSAL
PURSUANT TO THE MICHIGAN UNIFORM SECURITIES ACT**

The Corporation, Securities and Land Development Bureau of the Michigan Department of Consumer and Industry Services (hereafter the Bureau), pursuant to the Administrative Procedures Act of 1969, 1969 PA 306, as amended; MCLA 24.201 et seq; MSA 3.560(101) et seq; the Michigan Uniform Securities Act, 1964 PA 265, as amended; MCLA 451.501 et seq; MSA 19.776(101) et seq (hereafter the Act), and the rules promulgated under the Act (hereafter the Rules), says that:

FACTS COMMON TO ALL COUNTS

1. Respondent Gary Lee Harden (Gary), whose address is 100 W. McLeod Avenue, Ironwood, Michigan 49938, is registered as an agent in the State of Michigan. Since December 31, 1995 when Gary terminated his employment with Fortis Investors, Inc., Respondent's agent registration has not been effective, pursuant to Rule 601.2(2) and Section 201(b) of the Act.

GARY LEE HARDEN
CONSENT ORDER

2. Robert W. Harden's (Robert) last known address is 100 W. McLeod Avenue, Ironwood, Michigan 49938. Robert is not registered under Michigan's Uniform Securities Act as a securities agent.

3. Mutual Benefits Corporation (Mutual) is a Florida corporation that is located at 2881 E. Oakland Park Boulevard, Suite 200, Ft. Lauderdale, Florida 33306. Mutual is or has been engaged in the business of effecting transactions in securities for the account of others or its own account and is not registered as a broker-dealer in the State of Michigan.

4. During 1996, Mutual, Gary and Robert offered and sold Viatical Settlement Contracts to the investing public and many of the Viatical Settlement Contracts that were sold were fractionalized.

5. During 1996, the following Michigan residents invested into fractionalized Viatical Settlement Contracts through Mutual, Gary and Robert.

- i. [REDACTED] Michigan 48145, on October 3, 1996, invested \$36,054 into a 19.0472 percent ownership of a Viatical Settlement Contract known as Aetna Life, Policy No. [REDACTED] / Customer No. [REDACTED]
- ii. [REDACTED] Michigan 49091, on or about April 22, 1996, invested \$10,000 into a 7.7778 percent ownership of a Viatical Settlement Contract known as North American Life, Policy No. [REDACTED] Customer No. [REDACTED]
- iii. [REDACTED] on or about March 11, 1996, invested \$10,000 into a 5.6800 percent ownership of a Viatical Settlement Contract known as United of Omaha, Policy No. [REDACTED] Customer No. [REDACTED]

GARY LEE HARDEN
 CONSENT ORDER

iv. [redacted] on or about April 18, 1986, invested \$10,000 into a 2.3925 percent ownership of a Viatical Settlement Contract known as Transamerica Life Insurance Company, Policy No. [redacted], Customer Name - [redacted].

v. [redacted] also purchased the following additional Viatical Settlement Contracts through Mutual, Gary and Robert:

INSURED	ORIGINAL LIFE EXP.	AMOUNT APPLIED	LAST CONTACT
[redacted]	12 Months	\$50,000.00	03/10/98
[redacted]	24 Months	\$27,989.00	03/01/98
[redacted]	24 Months	\$20,316.00	03/04/98
[redacted]	24 Months	\$7,695.00	03/10/98

6. On or about December 6, 1996, Gary and Robert offered and sold Six Units of Super Cal #3, LLP, a Colorado Limited Liability Partnership to [redacted] for a cost of \$5,250 per Unit. The total cost of the investment was \$31,500.

7. On or about January 30, 1997, Gary and Robert offered and sold Two Units of Super Cal #5, LLP, a Colorado Limited Liability Partnership to [redacted] for a cost of \$5,250 per Unit. The total cost of the investment was \$10,500.

8. On or about April 7, 1998, [redacted] filed a complaint with the Bureau regarding Gary and Robert. The two individuals offered and sold Viatical Settlement Contracts to [redacted] was having problems with her communications with Gary and with Robert.

GARY LEE HARDEN
CONSENT ORDER

9. On April 14, 1998, by certified letter, the Administrator required Gary and Robert to file with the Bureau a written statement as to all facts and circumstances concerning certain activities of Gary and Robert within the State of Michigan. The letter was received on April 17, 1998, and on April 29, 1998, Gary requested an extension of time to respond to the Administrator's letter.

10. On May 11, 1998, a second certified letter was sent to Gary and Robert granting to them additional time to respond to the Administrator's original letter. The second letter was received by Gary and Robert on May 14, 1998.

11. Gary and Robert failed to provide the written statements required by the Administrator.

12. On or about July 16, 1998, [REDACTED] filed a complaint with the Bureau regarding Gary and Robert. The two individuals offered and sold Viatical Settlement Contracts, Six Units of Super Cal #3, LLP and Two Units of Super Cal #5, LLP, to [REDACTED]. [REDACTED] was having problems with her communications with Gary and with Robert.

13. On August 31, 1998, by certified letter, the Administrator required Gary and Robert to file with the Bureau a written statement as to all facts and circumstances concerning activities of Gary and Robert within the State of Michigan. The letter was received on September 3, 1998; and on September 8, 1998, the Bureau received Gary's and Robert's response which failed to provide the written statements required by the Administrator.

GARY LEE HARDEN
CONSENT ORDER

COUNT II

FAILURE TO FILE A WRITTEN STATEMENT WITH THE ADMINISTRATOR

20. Paragraphs 9, 10, 11, and 13 above are incorporated by reference herein and realleged as if fully set forth.

21. Failure to provide a statement in writing as required by the Administrator is a violation of Section 407(a)(2) of the Act.

COUNT III

BEING THE SUBJECT OF AN ORDER

22. Paragraph 14 above is incorporated by reference herein and realleged as if fully set forth.

23. Being the subject of an Order is a violation of Section 204(a)(1)(F) of the Act.

WHEREAS, Respondent admits the aforementioned factual allegations are true and correct but neither admits nor denies that such facts constitute violations of the Act; and

WHEREAS, Respondent has voluntarily agreed to waive all rights to a hearing upon entry of this Consent Order and has consented to the entry of this Order; and

WHEREAS, pursuant to Sections 412(a) and 412(b) of the Act, the Bureau finds this Consent Order necessary and appropriate in the public interest, for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act; and

WHEREAS, the Bureau and Respondent are desirous of settling this matter as hereafter set forth and agree to the entry of this Consent Order; and

GARY LEE HARDEN
CONSENT ORDER

ANY COMMUNICATIONS regarding this Consent Order should be addressed to the
Corporation, Securities and Land Development Bureau, Enforcement Division,
Attention: Gerald F. Sheppard, 6546 Mercantile Way, P.O. Box 30222, Lansing,
Michigan 48909.

MICHIGAN DEPARTMENT OF
CONSUMER AND INDUSTRY SERVICES

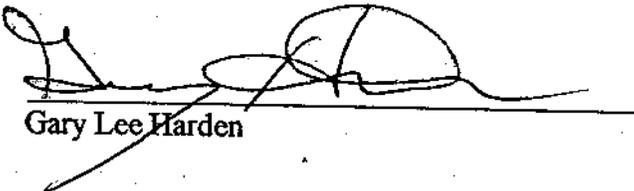
By:


Julie Croll, Director
Corporation, Securities and Land Development Bureau
6546 Mercantile Way
P.O. Box 30222
Lansing, Michigan 48909

Dated:

5-4-99
Lansing, Michigan

By:


Gary Lee Harden

Dated:

5-4-99
Ironwood, Michigan

**GARY LEE HARDEN
CONSENT ORDER**

A Copy of this Order was sent by Certified Mail to:

Gary Lee Harden
100 W. McLeod Avenue
Ironwood, Michigan 49938

A Copy of this Order was sent by Interdepartmental Mail to:

John Walter
Assistant Attorney General
Criminal Division
6520 Mercantile Way, Suite 1
P.O. Box 30218
Lansing, Michigan 48909

Enforcement Division
Corporation, Securities and Land Development Bureau
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Lansing, Michigan 48909

Securities Examination Division
Corporation, Securities and Land Development Bureau
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Lansing, Michigan 48909-8201

Registration Unit
Enforcement Division
Corporation, Securities and Land Development Bureau
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