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STATE OF MICHIGAN
MICHIGAN DEPARTMENT OF ENERGY, LABOR AND ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of: Securities EC #10-7795

Nancy Reed

Respondent.

_____ /

CONSENT ORDER

I.
RECITALS

WHEREAS, the Office of Financial and Insurance Regulation ("OFIR") conducted an investigation of Nancy Reed ("Respondent") and determined that she offered and sold unregistered securities to Michigan residents as defined in Section 401 of the Michigan Uniform Securities Act of 1964, 1964 PA 265, as amended, (the "MUSA"), MCL 451.801; and,

WHEREAS, Respondent has cooperated with regulators conducting the investigations by responding to inquiries, providing documentary evidence and other materials, and immediately halting further offers and sales; and,

WHEREAS, Respondent, as part of this settlement, agrees to its terms and conditions; and,

WHEREAS, Respondent neither admits nor denies the Findings of Fact and Conclusions of Law, but has agreed to resolve the investigation relating to offers and sales of unregistered securities through this Consent Order (the "Order") in order to avoid protracted and expensive proceedings; and,

WHEREAS, Respondent, as evidenced by her signature below, admits the jurisdiction of OFIR, voluntarily consents to the entry of the Order and elects to permanently waive any right to a hearing and appeal under the Administrative Procedures Act of 1969, 1969 PA 306, as amended, MCL 24.201 *et seq.*, ("APA") and MUSA with respect to this Order;

NOW, THEREFORE, the Chief Deputy Commissioner of OFIR, as authorized under the APA and MUSA hereby enters this Order.

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II.
BACKGROUND AND FINDINGS OF FACT

1. American Benefit Concepts, Inc. (herein "ABC") is a Michigan corporation whose principal place of business is located in Kalamazoo, MI. ABC is a Michigan licensed insurance resident producer agency with qualifications to transact business in accident, health, life, and variable annuities.

2. Respondent is a Michigan resident who is also a licensed resident producer agent with qualifications to transact business in accident, health, life and variable annuities. During the relevant time period, she was associated with ABC as an independent contractor to sell insurance products on behalf of ABC.

3. In October 2010, OFIR issued an Order to Cease and Desist against Respondent ordering her to stop offering and selling unregistered securities in the State of Michigan in violation of MUSA.

4. OFIR's investigation of the Respondent's business activities showed that in 2008 the Respondent was effectuating the purchase and sale of Diversified Liquid Asset Holdings ("DLAH") securities.

5. Respondent offered and sold DLAH securities to Michigan residents. Her sales totaled approximately $224,895 and she received commissions totaling approximately $3,373 in connection with the sale of the securities.

6. OFIR staff conducted a search of its records and FINRA's databases to determine whether Respondent was registered to sell securities in the State of Michigan. No such registration records were found.

7. Because of Respondent's conduct, Michigan residents have suffered substantial financial losses.

III.
CONCLUSIONS OF LAW

8. The DLAH investments sold to Michigan residents are securities, as defined by Section 401(z) of MUSA, MCL 451.801(z) and must be registered as required by Section 301 of MUSA, MCL 451.701.

9. DLAH securities were not registered or exempt from registration in the State of Michigan.

10. When Respondent offered and sold DLAH securities to Michigan citizens or consumers, she was acting as their securities agent, and therefore she should have been registered as a securities agent with OFIR as required by Section 201(a), MCL 451.601(a).

11. Respondent was not properly registered as a securities agent as required by MUSA to offer and sell securities in the State of Michigan.

12. As a result of the conduct described above, the Respondent violated Sections 201 and 301 of MUSA, by offering and selling unregistered securities in Michigan.

IV.
ORDER

IT IS HEREBY ORDERED:

1. The Respondent shall immediately **CEASE AND DESIST** from violating Sections 201 and 301 of MUSA.

2. This Consent Order concludes the investigation by OFIR and any other action that OFIR could commence under MUSA on behalf of the State of Michigan as it relates to the Respondent in connection with the offer and sale of DLG, DGF and DLAH securities only.

3. This Consent Order is entered into solely for the purpose of resolving the above-referenced investigation, and is not intended to be used for any other purpose, and its findings and conclusions shall not constitute admissions on the part of Respondent for any purpose. The Respondent is further prohibited from taking any action, publically or privately, creating the impression that the violations are without factual basis and failure to comply with this prohibition constitutes a material default of the Consent Order.

4. If Respondent defaults in any of her obligations set forth in the Consent Order, OFIR may vacate this Consent Order, at its sole discretion, upon 10 days notice to Respondent and her attorney of record and without opportunity for administrative hearing.

5. This Consent Order is restricted to the above-named Respondent. For any person or entity not a party to this Consent Order, this Consent Order does not limit or create any private rights or remedies against Respondent, does not limit or create liability of Respondent, or limit or create defenses of Respondent to any claims.

6. Nothing herein shall preclude the State of Michigan, its departments, agencies, boards, commissions, authorities, political subdivisions and corporations (collectively, "State Entities"), from asserting any claims, causes of action, or applications for compensatory, nominal and/or punitive damages, administrative, civil, criminal, or injunctive relief against Respondent in connection with the above-mentioned violations.

7. This Consent Order shall be construed and enforced in accordance with, and governed by, the laws of the State of Michigan without regard to any choice of law principles.

8. The First Amended Order to Cease and Desist entered and issued on October 15, 2010 against Respondent is **AMENDED** to reduce the civil penalty imposed in Article III, paragraph 4, to $1,000 (one thousand dollars).

9. Pursuant to Section 408(d), MCL 451.808(d), the Respondent shall **PAY** a civil penalty in the amount of $1,000 (one thousand dollars) payable to the State of Michigan in ten equal installments with the first payment being due on or before May 1, 2011.

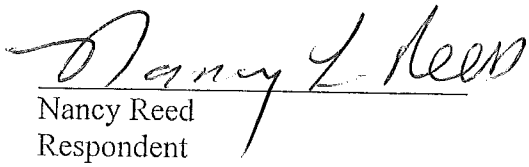
Dated this 14th day of April, 2011.

THE OFFICE OF FINANCIAL AND INSURANCE REGULATION

Stephen R. Hilker
Chief Deputy Commissioner

V.
STIPULATION

I have read and understand the Consent Order above. I agree that the Chief Deputy Commissioner has jurisdiction and authority to issue this Consent Order pursuant to the APA, MUSA and Insurance Code. I waive the right to a hearing in this matter if this Consent Order is issued. I understand that this stipulation and Consent Order will be presented to the Chief Deputy Commissioner for approval and the Chief Deputy Commissioner may or may not issue this Consent Order. I waive any objection to the Commissioner deciding this case following a hearing in the event the Consent Order is not approved.



Nancy Reed
Respondent

Dated: 4-10-11

The OFIR staff approves this stipulation and recommends that the Chief Deputy Commissioner issue the above Consent Order.

Elizabeth V. Bolden
OFIR Staff Attorney

Dated: 4/14/2011