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:	**Case Nos.**
	Securities EC #10-7995
Janet Bontrager	**Insurance EC #10-10962**
Respondent.	

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CONSENT ORDER

I.
RECITALS

WHEREAS, the Office of Financial and Insurance Regulation ("OFIR") conducted an investigation of Janet Bontrager ("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, OFIR also administers and regulates the Michigan Insurance Code (the "Code"), 1956 PA 218, as amended, MCL 500.100 *et seq.*, and determined that Respondent demonstrated incompetence in the business of insurance when she offered and sold the unregistered securities to insurance clients in violation of the Code; 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, agree to make certain payments and disclosures; 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 the authorized signatures on the consent to the Order below, admits the jurisdiction of OFIR, voluntarily consents to the entry of this 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.*, (the "APA"), MUSA and the Code with respect to this Order;

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

II.
BACKGROUND AND FINDINGS OF FACT

1. American Benefit Concepts, Inc. (herein "ABC") is a Michigan corporation whose principle 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 Lending Group ("DLG") and Diversified Liquid Asset Holdings ("DLAH") securities.

5. Respondent offered and sold DLG securities to four (4) Michigan residents and sold DLAH securities to three (3) Michigan residents. Her sales totaled approximately $479,239 and she received commissions totaling $19,281 in connection with the sale of the securities.

6. Respondent failed to conduct thorough due diligence review of DLG's and DLAH's securities. Respondent failed to contact OFIR to determine whether the securities had been registered or exempt, and did not determine if she needed to be licensed to sell securities.

7. 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.

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

III.
CONCLUSIONS OF LAW

9. The DLG and 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.

10. DLG and DLAH securities were not registered or exempt from registration in the State of Michigan.

11. When Respondent offered sold DLG and DLAH securities to Michigan 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.

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

13. 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.

14. As a result of the conduct described above, the Respondent demonstrated incompetence, and violated Section 1239(1)(h) of the Insurance Code, by offering and selling an unlawful securities product to insurance clients, and she did so without conducting thorough due diligence review.

IV.
ORDER

IT IS HEREBY ORDERED:

1. The Respondent shall immediately **CEASE AND DESIST** from violating Sections 201 and 301 of MUSA, and Section 1239(1)(h) of the Code.

2. The Respondent shall subject herself to heightened supervision for a period of one year to ensure she is transacting business in Michigan in compliance with the 2002 Uniform Securities Act, 2008 PA 661, MCL 451.2101 *et seq.*, (the "Act") as well as all rules and Transition Orders promulgated under the Act, the Code, and any other applicable laws and regulations.

3. The Respondent shall cause a written report from her employer to be submitted to OFIR certifying that the Respondent is in compliance with the Act, all Transition Orders and rules promulgated under the Act, the Code, and all other applicable laws and regulations, and this Consent Order. The first written report for activities conducted July 1, 2010 through December 31, 2010 must be received by OFIR no later than February 15, 2011. The second written report for activities conducted January 1, 2011 through June 30, 2011 must be received by OFIR no later than August 15, 2011. If Respondent is

self-employed she shall submit a written affidavit, signed before a notary, demonstrating her compliance and file the affidavit with OFIR.

4. The Respondent shall cause her employer to forward to OFIR copies of any written or oral customer complaints regarding the Respondent within thirty (30) days of receipt of the complaints. The filing of an amended Form U-4, if applicable, will not be considered written notice for the purposes of this provision. If Respondent is self-employed, she shall forward to OFIR copies of any written or oral customer complaints regarding the Respondent within thirty (30) days of receipt of the complaints.

5. The Respondent shall cause her employer to provide OFIR with a written summary of any new disclosures regarding the Respondent within thirty (30) days of the date the employer learns of the disclosure.

6. The Respondent shall keep OFIR apprised of the status of any new investigations brought against the Respondent and shall provide to OFIR a copy of all pleadings, judgment, awards or orders filed in furtherance of each action.

7. The Respondent, during the one year period of heightened supervision, shall provide OFIR with the name, address and telephone number of each employer she is employed with and the name of the employer's compliance supervisor.

8. The Respondent shall serve a copy of this Consent Order on each and every employer she is employed by during the one year period of heightened supervision. Respondent shall provide a certificate of service to OFIR stating the date this Consent Order was served, the method of delivery and to whom service was made.

9. 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.

10. This Consent Order is entered into solely for the purpose of resolving the 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 this Consent Order.

11. If Respondent defaults in any of her obligations set forth in this 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.

12. 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.

13. 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.

14. 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.

15. 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 $1,500 (one thousand five hundred dollars).

16. The Respondent shall **PAY** pursuant to Section 408(d), MCL 451.808, a civil penalty in the amount of $1,500 (one thousand five hundred dollars) payable to the State of Michigan.

17. The Respondent shall also **PAY** pursuant to Section 1244(1)(a), MCL 500.1244, a civil fine in the amount of $500 (five hundred dollars) payable to the State of Michigan.

Dated this 10th day of January, 2011.

THE OFFICE OF FINANCIAL AND INSURANCE REGULATION

Stephen R. Hilker

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.

Janet Bontrager
Respondent

Dated: 1-3-2011

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: Jan. 10, 2011

Order Approved as to Content and Form:

1-3-2011
Vlachos & Vlachos, P.C. Date
By: Brian E. Weiss (P51502)
Attorney for Respondent

1/10/11
Elizabeth V. Bolden (P69865) Date
Attorney for Petitioner