

**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES
BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND
BUSINESS SERVICES**

In the Matter of: JACQUELINE ATKINSON Respondent.) Case No. IT-08-0043-1)) ORDER TO CEASE AND DESIST,) LICENSE REVOCATION, DENYING) EXEMPTIONS, IMPOSING) PERMANENT BAR, ASSESSING CIVIL) PENALTIES, AND)) CONSENT TO ENTRY OF ORDER)
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WHEREAS, the Director of the Department of Consumer and Business Services for the State of Oregon (hereafter the “Director”), acting pursuant to the authority granted by the Oregon Securities Law (ORS 59.005 *et seq.*) has conducted an investigation into the activities of **JACQUELINE ATKINSON** (hereafter “Respondent”), doing business individually and as an agent of **AXA ADVISORS LLC** and **AXA EQUITABLE** (formerly **THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES**);

WHEREAS on September 12, 2007, Deschutes County Circuit Court judge Stephen Tiktin appointed Dirk Gragert to act as conservator for Respondent. As such, Dirk Gragert is authorized to enter into a consent order with the Director on behalf of Respondent;

WHEREAS, Respondent wishes to resolve and settle this matter with the Director without admitting or denying the findings or conclusions set forth herein,

NOW THEREFORE, as evidenced by the signatures subscribed on this order, Respondent hereby **CONSENTS** to entry of this order upon the Director’s Findings of Fact and Conclusions as stated hereinafter:

FINDINGS OF FACT

The Director **FINDS** that:

I. OVERVIEW

A. Background

1. **AXA ADVISORS LLC** was, at all times material herein, a broker-dealer (CRD# 6627) licensed by the State of Oregon.
2. From March 5, 1984, through January 5, 2000, **AXA EQUITABLE** (formerly **THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES**) was a broker-dealer (CRD# 4039) licensed by the State of Oregon.
3. On January 2, 1899, **AXA EQUITABLE** (formerly **THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES**) received a certificate of authority from the state of Oregon, which allowed them to sell insurance. Currently the certificate of authority number is 01484. Their National Association of Insurance Commission ID # is 062944.
4. **AXA ADVISORS LLC** and **AXA EQUITABLE** (formerly **THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES**) are part of a financial services organization known collectively as **AXA FINANCIAL INC.** (hereafter “**AXA**”) offering financial advisory, insurance, and investment management services. **AXA** maintains its headquarters at 1290 Avenue of the Americas, 12th floor, New York, New York, 10104. **AXA** has an Oregon office located at One South West Columbia, Suite 1550, Portland OR 97258.
5. Respondent was licensed as an insurance salesperson by the state of Oregon in 1982 (Oregon License number #103384). Her license expired on February 28, 2007.
6. Respondent was a registered agent of **AXA ADVISORS LLC** from March 5, 1984 through March 12, 2007. Respondent was a registered agent of **THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES** from March 5, 1984 through January 5, 2000 (CRD #1260521).
7. On June 26, 1984, Respondent passed the Series 6 exam, which allowed her to sell variable annuity and mutual fund products, if otherwise qualified and authorized.

8. On December 13, 1996, Respondent passed the Series 63 Blue Sky exam that tests the agent's knowledge of general securities law principles. Upon passage of this exam Respondent was able to sell securities on a limited basis, as authorized by AXA, generally; variable annuity, variable life insurance, and mutual fund products. Respondent was not authorized to give investment advice.

9. From September of 1987 until AXA terminated her employment on March 12, 2007, Respondent conducted business from a home office located at 64865 Glacier View Drive, Bend, Oregon 97701 (hereafter "Bend office").

10. Prior to 1982, Respondent was employed as an assistant to an insurance agent. The agent employer conducted business in the Portland metropolitan area. In 1982, Respondent began working with her agent employer as a licensed insurance agent.

11. In 1984, Respondent and her agent employer moved to Bend, Oregon. Respondent and her agent employer retained many of their existing Portland area customers. On August 14, 1993, the agent employer passed away. Respondent took on many of her former employer's customers.

B. Fictitious Investments

12. On December 5, 1989, Respondent sold the first of many fictitious investments (hereafter "fictitious investments"). The investments were fictitious in that they were not tied to any bona fide investment or insurance product. Rather, the money was deposited into Respondent's Wells Fargo bank account and spent or saved solely at Respondent's discretion.

13. All customers who invested in these fictitious investments were unknowingly pooling their money with other Respondent customers. The success or failure of each investment was directly tied to Respondent's financial solvency. Respondent did not disclose any of the above information to customers when selling these investments. Instead, Respondent led customers to

believe that their money was to be invested in **AXA** investments, usually with a guaranteed rate of return. In reality none of the customers' money was ever placed in any **AXA** investment.

14. Respondent generally sold these fictitious investments in one of two ways. In some instances Respondent's customers inquired about investment opportunities, Respondent then sold these customers fictitious investment products.

15. At other times, Respondent told customers to "roll over" existing **AXA** insured products into her fictitious investments. Respondent told these customers that the rollover would allow them to earn higher rates of return without incurring any tax liability. However, in almost all cases the customers incurred tax liability.

16. Respondent sold her fictitious investments to long-term customers with whom she had a close relationship. Many of these customers had known Respondent for decades. Some of these customers referred friends or family to Respondent.

C. Fabricated Statements

17. In some instances, Respondent's customers requested that Respondent produce documentation reflecting their investments. These requests were made to Respondent directly. In response to these requests, Respondent created fabricated statements using her **AXA** workstation located in her Bend office.

18. Respondent began by taking a legitimate **AXA** statement on **AXA** letterhead and bearing the **AXA** logo. Respondent received copies of these customer statements directly from **AXA**.

19. Respondent altered these legitimate statements using white-out to hide specific information such as the original customer names contained on the statement. These statements, with the specific fields obliterated, were stored in unlocked file cabinets located in Respondent's Bend office.

20. Respondent photocopied the altered statements. This step concealed Respondent's

use of white-out. The photocopying created a “blank” AXA statement bearing the AXA letterhead, logo and empty fields. These blank statements were stored in unlocked file cabinets located in Respondent’s Bend office.

21. Respondent used her AXA workstation to recreate a font and type case similar to that used on the original, legitimate AXA statement. Respondent then printed out specific information needed to create a fictitious statement, such as her customer’s name and the amount of their investment. Respondent stored this information on her AXA workstation computer located in her Bend office.

22. After printing out the information specific to her customer’s fictitious investment, Respondent physically cut out this information and literally pasted it onto the “blank” AXA letterhead previously created. Respondent stored these documents in unlocked file cabinets located in her Bend office.

23. Respondent made photocopies of these fictitious statements. The photocopying helped to conceal the physical cutting and pasting. Copies of these fabricated statements were stored in specific customer files located in Respondent’s Bend office. A final copy was then sent to the unsuspecting customer (hereafter “fabricated statements”).

D. Lulling Payments

24. Many of Respondent’s customers would periodically request withdrawal of funds they had invested. In order to pacify these investors and in order to avoid detection Respondent would comply with these requests and make payments to customers (hereafter “lulling payments”). These lulling payments were usually made in the form of a Wells Fargo cashiers check drawn from Respondent’s personal Wells Fargo account.

E. Atkinson’s Health

25. In 2007 Atkinson suffered a stroke which adversely impacted her ability to receive and evaluate information effectively. As a direct result, on September 12, 2007, Deschutes

County Circuit Court judge Stephen Tiktin appointed Dirk Gragert to act as conservator for Atkinson.

II. SPECIFIC CUSTOMER TRANSACTIONS

(Identified on attached Table A)

A. Customer 1

1. Customer 1 is an elderly woman who is currently suffering from a medical condition. As such, she designated her son, customer 14, as her representative in regard to this action. Customer 1 has known Respondent since the early 1970's. Customer 1 owned multiple existing **AXA** investment products purchased through Respondent.

2. A review of customer 1's files maintained at Respondent's Bend office revealed that customer 1 made four deposits totaling \$232,475.68 into a Guaranteed Interest Account (hereafter "GIA"). In reality no GIA existed. Two of customer 1's deposits were comprised of money withdrawn from existing **AXA** insurance products.

3. On December 5, 1989, customer 1 gave a \$100,000 check to Respondent to be invested in the GIA.

4. On July 23, 1997, customer 1 took out an \$85,000 loan from her **AXA** life insurance policy. On August 5, 1997, Respondent recorded an \$85,000 deposit into customer 1's GIA.

5. In December 1998, customer 1 withdrew \$42,475.68 from an **AXA** insurance product. On December 30, 1998, Respondent recorded a \$42,475.68 deposit into customer 1's GIA.

6. On August 20, 2001, customer 1 began receiving \$1,700 lulling payments from Respondent. These payments continued through October of 2006. In total Respondent made fifty-four separate lulling payments totaling \$91,800.

7. On September 20, 2005, customer 1 gave a \$5,000 check to Respondent to be deposited in customer 1's GIA.

B. Customers 2 and 3

8. **AXA** customer 2 and 3 are an elderly married couple. Customers 2 and 3 knew Respondent for a number of years before they each purchased a life insurance policy from her in 1986.

9. In May of 1990, customer 2 received a \$25,000 bonus payment for early retirement. Customer 2 asked Respondent about an appropriate investment. Respondent advised customer 2 that he could invest in a credit union account that paid 8% interest per year guaranteed (hereafter "GIA"). No account actually existed. Based on Respondent's advice, on May 31, 1990 customer 2 gave Respondent \$25,000 to be deposited into the GIA.

10. In December of 1996, Respondent provided customer 2 with a fabricated statement showing a GIA balance of \$43,474.14. A copy of this fabricated statement was found in customer 2's file located in Respondent's Bend office.

11. On September 25, 1997, customers 2 and 3 each requested \$20,000 loans from existing **AXA** insurance products. Customers 2 and 3 each received a \$20,000 check from **AXA**. Customer 2 and 3 then wrote a \$40,000 check and gave it to Respondent to be deposited in their GIA.

12. In October of 2004 Respondent told customer 2 about a Roth 8% guaranteed interest account (hereafter "Roth GIA"). No account actually existed. Respondent advised customer 2 that he could sell his existing **AXA** insurance product and "roll over" the money into the Roth GIA without incurring any tax liability.

13. Based on Respondent's advice, customer 2 made three deposits into the Roth GIA (October 29, 2004, September 30, 2005, and October 16, 2006) totaling \$67,750. In all three instances customer 2 first withdrew the deposited funds from existing **AXA** insurance products. All three transactions caused customer 2 to incur tax liability.

14. From December of 2004 through October of 2005, Respondent sent customers 2 and

3 at least three separate fabricated statements for both the GIA and the Roth GIA.

C. Customers 4 and 5

15. Customers 4 and 5 are a married couple who first purchased insurance from Respondent in 1986. In November of 2000, Respondent told customers 4 and 5 that they could invest in an **AXA** credit union account with a guaranteed rate of return of 9% interest per year (hereafter "GIA"). In reality no GIA existed.

16. Based on Respondent's advice, on November 1, 2000, customer 4 gave \$5,000 to Respondent to be deposited into the GIA. On December 6, 2000, customer 4 gave \$5,000 to Respondent to be deposited in the GIA.

17. In August of 2001 Respondent faxed a fabricated statement to **AXA** customer 4 showing a balance of \$10,605.60 in the GIA.

18. On November 1, 2001, **AXA** customer 4 approached Respondent about investing additional funds. Respondent told customer 4 that she could open a second credit union account with a 9% guaranteed rate of return (hereafter "GIA-2").

19. Based on Respondent's advice, on November 20, 2001, customer 4 gave a \$10,000 check to Respondent to be invested in the GIA-2.

20. On February 25, 2005, Respondent faxed customers 4 and 5 two fabricated statements. The fabricated statements showed a \$14,351.98 balance for GIA and a \$13,069.22 balance for GIA-2.

D. Customer 6

21. Customer 6's mother, customer 10, introduced customer 6 to Respondent in the early 1980's. Customer 10 worked for a company where Respondent managed the company's retirement accounts.

22. In early 1991 customer 6 asked Respondent about possible investment opportunities. Respondent advised customer 6 that she had an investment that paid 10% interest per year

(hereafter "GIA"). This account did not exist.

23. Customer 6 made 4 deposits totaling \$415,000 into the GIA. The deposits were made on February 22, 1991, June 30, 1996 (two), and June 26, 2002. Evidence of all four deposits was found in customer 6's file located in Respondent's Bend office.

24. From March of 1995 through May of 2004 Respondent made six lulling payments to customer 6 totaling \$226,000. Evidence of these lulling payments including Wells Fargo cashier's checks made out to customer 6 was found in Respondent's Bend office.

E. Customer 7

25. Customer 7 passed away in early 2003. The information contained below was obtained from customer 7's file located in Respondent's Bend office. Customer 7 made one \$47,844.83 deposit on March 13, 1991 into a "Max Flex" account with guaranteed interest of 5.5% per year (hereafter "GIA"). This account did not exist.

26. From November of 1991 through May of 2004 Respondent made twenty-five lulling payments to customer 7 or her heirs totaling \$81,226.63. The \$33,381.80 difference between the money paid in and money paid out is due to Respondent's accrued interest calculations.

F. Customer 8

27. Customer 8 and her husband met Respondent through Respondent's former employer in the early 1980's. In 1990, customer 8 and her husband each moved one IRA account to **AXA** through Respondent. Over the next few years customer 8 and her husband purchased life insurance policies for their two children from Respondent.

28. In 1992 Respondent told customer 8 about a special **AXA** credit union account that paid 7.5% interest and was completely liquid (hereafter "GIA"). Respondent told customer 8 that the GIA was only available to **AXA** customers. In reality no GIA existed.

29. Based on Respondent's advice, on April 8, 1992, customer 8 gave \$20,000 to Respondent to be deposited in the GIA. This initial deposit is reflected in a fabricated statement

found in customer 8's file located in Respondent's Bend office.

30. From June 20, 1992 through May 12, 1995, customer 8 made sixteen separate withdrawal requests from the GIA. In all sixteen instances Respondent complied with the requests by providing customer 8 with Wells Fargo cashiers checks. These withdrawals totaled \$28,572.79 and caused the account to reach a zero balance on May 12, 1995.

31. On August 13, 1996, customer 8 gave Respondent a \$93,000 check to be deposited into the GIA. A fabricated statement documenting this deposit was found in customer 8's file located in Respondent's Bend office.

32. On November 4, 1996 customer 8 deposited an additional \$1,000 into GIA. A fabricated statement documenting this deposit was found in customer 8's file located in Respondent's Bend office.

33. From March of 1998 through February of 2002 customer 8 made seven separate withdrawal requests from the GIA. In all seven instances Respondent complied with these requests. The withdrawals totaled \$107,100.

34. On March 30, 2004 customer 8 made a final \$49,000 deposit into the GIA.

G. Customer 9

35. Customer 9 first met Respondent in the early 1990's. Respondent handled customer 9's AXA insurance and investment accounts. In 1993 customer 9 began investing in what she thought was an AXA brokerage account (hereafter "GIA"). In reality, no account existed. In total customer 9 made four deposits, totaling \$35,200, into this GIA.

36. In November of 2004 Respondent told customer 9 about a guaranteed interest account that paid 10% per year (hereafter "GIA-2"). No GIA-2 existed. Based on Respondent's advice, on November 4, 2004, customer 9 deposited \$10,000 into this account.

H. Customer 10

37. Customer 10 was born in 1925. Customer 10 first met Respondent in the early 1980's

at a company where customer 10 was employed. Respondent managed the company's employee retirement accounts.

38. Respondent told customer 10 that **AXA** had an account that paid 10% interest per year (hereafter "GIA"). In reality, no GIA existed.

39. Based on Respondent's representations, customer 10 made four deposits (June 30, 1993, February 28, 1997, July 20, 1999, and December 24, 2000) totaling \$45,000 into the GIA.

40. On April 12, 1994, Respondent made a \$5,568 lulling payment to customer 10.

41. In 2004 Respondent told customer 10 that because of her age and the tax law she needed to begin taking withdrawals from one of her existing **AXA** insurance products. This was not true. There was no legitimate reason for customer 10 to begin withdrawing money from her existing **AXA** account. Respondent also recommended that customer 10 deposit her withdrawals into the GIA.

42. On October 26, 2004, based on Respondent's advice, customer 10 withdrew \$19,000 from an existing **AXA** insurance product. On November 1, 2004, customer 10 deposited the \$19,000 into the GIA.

43. On April 11, 2006, customer 10 withdrew \$25,000 from an existing **AXA** insurance product. On April 18, 2006 customer 10 deposited the \$25,000 into the GIA.

I. Customers 11 and 12

44. Customers 11 and 12 are a married couple. Customer 12's son married Respondent in the late 1970's. In 1996 Respondent told customer 11 about an investment account that paid a high interest rate (hereafter "GIA"). In reality no GIA actually existed.

45. Based on Respondent's advice, on December 20, 1996, customer 11 deposited two checks totaling \$15,000 into the GIA.

46. In July 1998 Respondent asked customer 11 if she had any other assets or investments that could be rolled over into the GIA. Customer 11 informed Respondent that she had a Great

Northern Insured Annuity contract. Respondent advised customer 11 to withdraw funds from the Great Northern Insured Annuity contract and deposit them into the GIA.

47. Based on Respondent's advice, customer 11 withdrew \$8,390.07 from her Great Northern Insured Annuity contract. On July 30, 1998 customer 11 deposited \$5,000 of the withdrawn funds into the GIA.

48. On December 21, 1998, Respondent made a \$3,000 lulling payment to customer 11 in the form of a Wells Fargo cashiers check.

49. Customer 11 made four additional "rollover" investments, (April 11, 2000, September 20, 2000, August 5, 2002, and December 30, 2002) totaling \$43,000 into the GIA. The money deposited was initially withdrawn from an existing **AXA** insurance product.

50. Between July of 2003 and November of 2005 Respondent made six lulling payments to customer 11 totaling \$22,500.

J. Customer 13

51. Customer 13 has known Respondent since the mid 1970's. Customer 13's sister-in-law first introduced her to Respondent. In the late 1990's Respondent offered to review customer 13's financial investments. During this same period of time Respondent told customer 13 about a guaranteed interest account, which purportedly earned 7.5% per annum (hereafter "GIA"). Respondent told customer 13 that the GIA was a credit union account through **AXA**. In 2002 Respondent informed customer 13 that the interest rate on the GIA had increased to 10%. In reality no GIA ever existed.

52. On June 14, 1999, based on Respondent's advice, customer 13 withdrew \$15,000 from an existing **AXA** insurance product and deposited the money into the GIA.

53. On June 8, 2001 Respondent made a \$3,000 lulling payment to customer 13. Respondent made the payment using a Wells Fargo cashiers check.

54. On February 13, 2002, customer 13 withdrew \$61,457.64 from an existing **AXA**

insurance product. On February 19, 2002 customer 13 deposited \$61,000 of the withdrawn funds into the GIA.

55. In February 2002 customer 13 cashed in a Wells Fargo certificate of deposit. Customer 13 then deposited \$3,319 of the proceeds into the GIA.

56. On November 17, 2003 customer 13 withdrew \$43,000 from an existing **AXA** insurance product. On November 20, 2003, customer 13 deposited \$35,000 of the withdrawn funds into the GIA.

57. In June of 2004 Respondent advised customer 13 to cash in her Wells Fargo money market account, her Washington Mutual high yield account, and her Credit Union certificate of deposit. Respondent advised customer 13 to deposit the proceeds into the GIA. Based on Respondent's advice, customer 13 cashed in all three accounts for a total of \$27,768.06. Customer 13 then combined the proceeds with other money and on June 24, 2004 deposited \$30,000 into the GIA.

58. On April 12, 2005 customer 13 deposited \$10,000 into the GIA.

59. On October 7, 2005 Respondent made a \$3,000 lulling payment to customer 13. Respondent made the payment to customer 13 in the form of a Wells Fargo cashiers check.

K. Customer 14

60. Customer 14 has known Respondent since the 1970's. Customer 14 first met Respondent through his mother, customer 1. Respondent handled the family's financial affairs. In October of 1999 customer 14 approached Respondent regarding some funds he wanted to invest. Respondent told customer 14 about a guaranteed interest account that purportedly earned 10% interest per annum (hereafter "GIA"). In reality no GIA existed.

61. Between November of 1999 and September of 2005 customer 14 made five deposits totaling \$32,500 into the GIA.

L. Customer 15

62. Customer 15 met Respondent through her husband in the 1970's. Customer 15's husband was an **AXA** agent but retired in the late 1980's. After customer 15's husband retired Respondent began handling customer 15's existing **AXA** accounts. Customer 15 passed away in 2006 and is survived by her son customer 27.

63. On April 24, 2002, customer 15 requested a disbursement from an existing **AXA** insurance product. **AXA** mailed a check for \$60,000 to customer 15. On April 30, 2002 customer 15 provided a check to Respondent in the amount of \$60,000. This money was not deposited into any legitimate account.

M. Customer 16 and 17

64. Customer 16 met Respondent in the early 1970's when customer 16 was an employee of the City of Gladstone. Customer 16 is customer 17's daughter. Customer 16 handles her mother's financial affairs.

65. In September of 2002 Respondent approached customer 16 and advised her that Respondent had an investment opportunity that paid 9% interest guaranteed (hereafter "GIA"). In reality no GIA existed. Based on Respondent's representation, customer 16 invested \$60,500 on customer 17's behalf.

66. On June 25, 2003 and again on February 29, 2004, Respondent sent fabricated account statements to customer 16 for the GIA.

67. On August 18, 2004, Respondent made a \$9,000 lulling payment to customer 16.

68. In June 2005 Respondent called customer 16 and told her that she could earn a better interest rate on a new Roth GIA than she was making on her existing **AXA** IRA. Respondent also told customer 16 that she could rollover funds from her existing IRA with no tax consequences. In reality, no Roth GIA actually existed.

69. On June 24, 2005, based on Respondent's advice, customer 16 withdrew \$38,010 from her existing **AXA** IRA account. This withdrawal caused customer 16's tax liability for

2005 to increase by \$9,191.39. Customer 16 gave a \$38,000 check to Respondent to be deposited into the Roth GIA.

70. On December 29, 2005, customer 16 requested a withdrawal of \$10,000 from the GIA on behalf of customer 17. Respondent deposited \$10,000 into customer 17's checking account.

N. Customer 18

71. Customer 18 first started doing business with Respondent in 1987. In early 2003 customer 18's husband passed away. Customer 18 received a death benefit. Customer 18 asked Respondent about investment opportunities for this money. Respondent advised customer 18 to invest her money in a Guaranteed Interest account that paid 6.5% interest per annum (hereafter "GIA"). In reality no such account existed. Based on Respondent's advice customer 18 made two deposits totaling \$115,000.

O. Customer 19

72. Customer 19 is a church. Customer 18 referred customer 19 to Respondent. Respondent advised representatives of customer 19 that they could invest in a guaranteed interest annuity that paid 6.5% interest per year (hereafter "GIA"). In reality no GIA existed.

73. Based on Respondent's representations, customer 19 gave Respondent a \$25,258.68 check to be deposited in the GIA on October 22, 2003. On July 11, 2005, customer 19 gave Respondent an \$11,209.48 check to be deposited in the GIA.

74. On July 23, 2005, customer 19 received a fabricated statement indicating an account balance in their GIA of \$28,446.53. On December 30, 2005, Respondent made one \$3,360 lulling payment to customer 19.

75. On February 1, 2006, customer 19 gave a \$10,000 check to Respondent to be deposited in the GIA.

P. Customer 20

76. Customer 20 is a married man born in 1935. Customer 20 has known Respondent since the late 1980's. Customer 20 owned several existing **AXA** insurance products that he had purchased through Respondent.

77. In May of 2003 customer 20 contacted Respondent and asked about possible investment opportunities. Respondent told customer 20 that Respondent had a new investment that paid 7% interest guaranteed (hereafter "GIA"). In reality no GIA existed. Between May of 2003 and June of 2006, customer 20 made twelve deposits totaling \$36,382.05 into this GIA.

78. In November of 2003 customer 20 received a fabricated account statement from Respondent dated November 12, 2003 and showing a \$20,583.33 balance in the GIA.

79. In May of 2004 Respondent called customer 20 and advised him to pull money out of his existing **AXA** IRAs and invest the money into a new Guaranteed Interest account (hereafter "GIA-2"). At the time, customer 20's existing **AXA** IRA accounts were earning 4.5%. Respondent assured customer 20 that he would not incur any tax liability if he pulled money out of his existing **AXA** IRA accounts.

80. In May 2004, on Respondent's advice, customer 20 withdrew \$60,000 from one of his existing **AXA** IRA accounts. The withdrawal of these funds caused customer 20 to incur a tax liability for 2004. On May 24, 2004, customer 20 deposited \$60,000 of the withdrawn funds into the GIA-2.

81. In August 2004 customer 20 withdrew \$28,000 from one of his existing **AXA** IRA accounts. The withdrawal of these funds caused customer 20 to incur a tax liability for 2004. Customer 20 then deposited \$28,000 of the withdrawn funds into the GIA-2.

82. In September 2005, Respondent sent two (2) fabricated account statements dated September 16, 2005 to customer 20. The first fabricated account statement was for the GIA-2 and showed a total account value of \$96,168.16. The second fabricated account statement was for the GIA and showed a total account value of \$34,370.66.

83. In November 2006, Respondent sent two (2) fabricated account statement dated October 31, 2006 to customer 20. The first fabricated account statement was for the GIA-2 and showed a total account value of \$104,271.05. The second fabricated account statement was for the GIA and showed a total account value of \$43,834.91.

Q. Customer 21 and 22

84. Customer 21 and 22 are a married couple who have known Respondent for approximately 20 years. Customer 21 considered Respondent a friend. On August 17, 2004 customer 21 and 22 invested \$10,000 into a 7% Guaranteed Interest account (hereafter GIA). In reality no GIA existed.

85. Customer 21 and 22 received a fabricated statement dated December 31, 2006. This statement showed a GIA value of \$11,740.29.

R. Customer 23 and 24

86. Customers 23 and 24 are a married couple who have known Respondent for over fifteen years. In the spring of 2005, Respondent told customers 23 and 24 about a 10% Guaranteed Interest account (hereafter "GIA"). In reality no account existed. Respondent advised customers 23 and 24 that they could withdraw money from their existing AXA insurance products and "roll over" the funds into the GIA. Respondent assured customers 23 and 24 that this action would not incur any tax liability or interest payments.

87. Based on this advice, in August of 2005 customer 23 withdrew \$11,000 from his existing AXA insurance product. At the same time customer 24 withdrew \$17,000 from her existing AXA insurance product. Customers 23 and 24 combined this withdrawn money along with \$2,000 from another source and deposited \$30,000 into the GIA.

88. In January of 2006 customers 23 and 24 received a fabricated client account statement from Respondent that showed an account balance of \$31,260. Evidence of this fabricated account statement was found in customer 23 and 24's file located in Respondent's

Bend office.

89. Shortly after customers 23 and 24 made their investment in the GIA account they began receiving bills from **AXA** for interest payments due on the loans taken against their life insurance policies. Customer 23 and 24 repeatedly asked Respondent why they were receiving bills. Respondent assured them this was a mistake and finally on November 3, 2006 sent a \$3,000 lulling payment to customers 23 and 24.

90. On October 23, 2006 Respondent sent a \$900 check to **AXA** to prevent customer 23's life insurance policy from lapsing. On January 17, 2007, Respondent sent a \$1,500 check to **AXA** to prevent customer 23's life insurance policy from lapsing. If the insurance policy had lapsed **AXA** would have sent a letter-informing customer 23 of this event. For this reason both of the above payments are similar to lulling payments in that they had the effect of keeping customers 23 and 24 from discovering the truth about their GIA.

S. Customers 25 and 26

91. Customers 25 and 26 are a married couple. They met Respondent at their home in May or June of 2005. Customers 25 and 26 told Respondent that they wanted to invest in an Edward Jones account. Instead Respondent advised them to invest in a 6% Guaranteed Interest account (hereafter "GIA"). In reality no GIA actually existed. Based on Respondent's representations, on July 8, 2005, customer 25 and 26 gave \$10,000 to Respondent to be invested in the GIA.

92. In February of 2006 Respondent sent customers 25 and 26 a fabricated statement showing an account balance of \$10,375 in their GIA.

T. Customer 27

93. Customer 27 is customer 15's son. Customer 27 has known Respondent since the early 1990's. Respondent handled customer 27's existing **AXA** insurance product. In April of 2006 Respondent called customer 27 on the phone and told him about a new high interest

investment opportunity (hereafter “GIA”) that would pay a higher interest rate than his existing **AXA** insurance product. In reality no GIA actually existed.

94. Based on Respondent’s representations, on April 13, 2006, customer 27 withdrew \$19,317.84 from his existing **AXA** insurance product. On April 19, 2006, customer 27 wrote a \$19,300 check and gave it to Respondent to be deposited into the GIA.

95. In October of 2006 Respondent called customer 27 and asked him if he had another \$20,000 to invest in the GIA. On October 25, 2006, customer 27 wrote a \$20,000 check and gave it to Respondent to be deposited into the GIA.

U. Customer 28 and 29

96. Customer 29 is customer 28’s mother. Customer 28 first met Respondent at customer 29’s home in 1997. In 2003, Respondent told customer 28 about a safe investment opportunity that purportedly paid 7% interest per year guaranteed (hereafter “GIA”). No account actually existed. Based on Respondent’s representations, customer 28 and 29 decided to invest in the GIA.

97. Customer 28 closed a Washington Mutual savings account and deposited the proceeds, \$27,104, into a joint account that she held with customer 29. On June 19, 2003, customer 29 gave Respondent a \$27,104 check to be deposited in the GIA.

98. Respondent sent customers 28 and 29 at least four fabricated statements for the GIA dated: August 12, 2003; January 19, 2004; October 19, 2004; and June 30, 2006.

V. Customer 30

99. Customer 30 has known Respondent for over twenty years. Customer 30 owned an **AXA** insurance product. In 2003, Respondent called Customer 30 and told her about an investment opportunity that would earn more interest than her current AXA insurance product. Respondent told customer 30 that she could earn 5% per year in a guaranteed interest account (hereafter “GIA”). No GIA account actually existed.

100. Based on Respondent's representations, Customer 30 requested a \$6,500 withdrawal from her **AXA** insurance account. **AXA** mailed customer 30 a check for \$6,500. Customer 30 then wrote a \$5,000 check to Respondent to be invested in the GIA. In reality no GIA existed.

W. Customer 31

101. In 2003 Customer 31 inherited a sum of money that she wished to invest. Customer 31's brother referred her to Respondent. Customer 31 met with Respondent and explained that she would like to invest \$47,000. Respondent told customer 31 about an investment opportunity that would pay 7% guaranteed interest (hereafter "GIA").

102. On March 6, 2003, based on Respondent's representations, Customer 31 gave Respondent \$47,000 to be invested in the GIA. In reality, no GIA actually existed.

103. **ATIKINSON** sent Customer 31 a fabricated statement dated June 1, 2005. The statement showed a GIA value of \$54,751.98.

CONCLUSIONS OF LAW

The Director **CONCLUDES** that:

1. The investments sold by Respondent and described herein as GIA, Roth GIA, or GIA-2, are all investment contracts and therefore securities, as defined by ORS 59.015(19)(a).
2. Respondent sold securities that were not registered with the Oregon Division of Finance and Corporate Securities to customers in or from the state of Oregon in violation of ORS 59.055.
3. In connection with each sale of securities described herein from December 1989 to October of 2006, Respondent made an untrue statement of material fact, in violation of ORS 59.135(2), by falsely representing that customers' funds would be invested in a variety of **AXA** investment accounts.
4. In connection with the sale of securities to customers 2, 16, 20, 23 and 24, described herein, Respondent made an untrue statement of material fact, in violation of ORS 59.135(2), by falsely representing that customers would not incur tax liability upon the withdrawal of funds

from existing tax sheltered accounts.

5. In connection with the sale of securities to customers, Respondent omitted to state a material fact, in violation of ORS 59.135(2), by failing to tell customers that the securities she was selling were not registered, as required, with the Oregon Division of Finance and Corporate Securities.

6. In connection with the sale of securities to customers, Respondent omitted to state a material fact, in violation of ORS 59.135(2), by failing to inform customers that their money was going to be spent at Respondent's discretion.

7. In connection with the sale of securities to customers, Respondent engaged in an act, practice and course of business which operated as a fraud and deceit upon customers, in violation of ORS 59.135(3), by creating fabricated account statements, distributing said statements to customers, and falsely representing that the statements reflected the actual contents of the customers' accounts.

8. Respondent engaged in dishonest, fraudulent, or illegal practices or conduct in connection with the securities business, in violation of ORS 59.205(2), by recommending to customers the purchase, sale, and exchange of securities without reasonable grounds to believe that the recommendation was suitable for customers.

9. Respondent transacted business as an unlicensed investment advisor in violation of ORS 59.165(4)(c) by advising clients, for compensation, to convert legitimate insurance and investment funds to her fictitious investment products, which were securities as, described herein.

10. Respondent used fraudulent and dishonest practices in the conduct of a business in Oregon in violation of ORS 744.074(1)(h) by engaging in the conduct described herein.

11. Respondent is incapacitated as defined under ORS 125.005(5) because she cannot receive and evaluate information effectively.

ORDER

Therefore, the Director **ORDERS:**

1. Respondent shall cease and desist from offering and/or selling securities to persons in or from the State of Oregon in violation of the Oregon Securities Law, ORS 59.005 *et seq*, and accompanying administrative rules.

2. Respondent's Oregon securities license is hereby REVOKED. ORS 59.205.

3. Respondent is ordered to pay the sum of \$2,500,000 (25 x \$100,000) as a civil penalty for continuing violations of ORS 59.055, ORS 59.135, ORS 59.165, and ORS 59.205, with at least 25 clients described herein. This civil penalty is hereby suspended until such time as the court dissolves the conservatorship and Respondent is able to resume customary and independent living, and is capable of earning a living. Collection of this civil penalty is hereby waived upon the death of Respondent. Regardless of the suspension, all civil penalties are immediately due and payable upon any subsequent violation of Oregon Securities Law.

4. Pursuant to ORS 59.205 **Respondent's** Oregon Securities License is hereby **REVOKED.**

5. Pursuant to ORS 59.045(2), respondent Respondent is permanently **DENIED** the use of securities registration and transaction exemptions that would otherwise be available to her under ORS 59.025 and ORS 59.035, respectively.

6. Respondent is hereby barred from applying for, holding, or renewing any license or registration required by the Director in Oregon within the Finance & Corporate Securities Division and/or the Insurance Division until further order of the Director.

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The entry of this Order in no way limits further remedies which may be available to the Director under Oregon law.

Dated this 16th day of July, 2010, at Salem, Oregon.

CORY STREISINGER, Director
Department of Consumer and Business Services

/s/ **David Tatman**
David C. Tatman, Administrator
Division of Finance and Corporate Securities

CONSENT TO ENTRY OF ORDER

I, Dirk Gragert, have been appointed to act as conservator for Jacqueline Atkinson by the Deschutes County Circuit Court in case No. 07PC0040st. As conservator, I am authorized to act on Jacqueline Atkinson's behalf. In that capacity I have read the foregoing order and know and fully understand the contents thereof; I have been advised of Respondent's right to a hearing and of the right to be represented by counsel at any such hearing; I have been represented by counsel in this matter; I voluntarily and without any force or duress, consent to the entry of this Order, without admitting or denying the factual allegations and conclusions of law stated herein, expressly waiving any right to a hearing in this matter; I understand the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities or Insurance Laws and that Respondent will fully comply with the terms and conditions stated herein.

I understand that this Consent Order is a public document.

Dated this 7 day of July, 2010.

By: /s/ Dirk Gragert
Dirk Gragert

/s/ Amber Lee Kirk
Notary Public
for the State of: Oregon

My commission expires: 10/31/11

Approved as to form: /s/ Robert S. Lovlien
Robert S. Lovlien, Attorney for the Conservator