

1 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
2 DIVISION OF FINANCE AND CORPORATE SECURITIES
3 SECURITIES SECTION
4 BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND
5 BUSINESS SERVICES

4 In the Matter of:) No. S-05-0006
5 METLIFE SECURITIES, INC.,)
6 Respondent.) ORDER TO CEASE AND DESIST
7) ENTERED BY CONSENT
8)
9)
10)

11 WHEREAS, the Director of the Department of Consumer and Business Services for the
12 State of Oregon (hereafter the "Director"), acting by and pursuant to the authority of the Oregon
13 Securities Law, Oregon Revised Statutes 59.005 *et seq*, conducted a regularly scheduled
14 examination of the books and records of METLIFE SECURITIES, INC. (hereafter
15 "METLIFE SECURITIES"), a securities broker-dealer firm, on September 2, 3, 7, and 8, 2004;

16 WHEREAS, the Director's designee for the purpose of said examination, Securities
17 Examiner Stephen Aldrich, codified the results of the examination in a "Letter of Caution" to
18 METLIFE SECURITIES dated September 16, 2004;

19 WHEREAS, METLIFE SECURITIES wants to avoid the additional costs and
20 expenses resulting from an action by the Director, does not desire to expend further time on this
21 matter, and seeks to obtain finality without invoking its right to a hearing before the Director;

22 NOW THEREFORE, the Director hereby issues the following Findings of Fact and
23 Conclusions of Law, which METLIFE SECURITIES neither admits nor denies, and issues the
24 following Order, to which METLIFE SECURITIES has consented, as evidenced by the
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1 signature of an officer of **METLIFE SECURITIES** on the Consent to Entry of Order attached
2 hereto.

3 **FINDINGS OF FACT**

4 The Director **FINDS** that:

5 **Part One: Involved Persons**

6 1. Respondent **METLIFE SECURITIES** was, between **JANUARY 1, 2003** and
7 **SEPTEMBER 9, 2004**, the relevant dates herein, a broker-dealer firm with at least one office
8 located in the State of Oregon. The firm's Central Records Depository (CRD) number is 14251.
9 During the relevant period, the firm conducted business from 4004 SW Kruse Way Place, Suite
10 300, Lake Oswego, Oregon 97305.

11 2. Calvin Sumner was, between **JANUARY 1, 2003** and **SEPTEMBER 9, 2004**, the
12 relevant dates herein, employed as the Managing Director of the **METLIFE SECURITIES**
13 office in Lake Oswego, Oregon. Sumner's Central Records Depository (CRD) number is
14 713266. During the relevant period, Sumner conducted business from 4004 SW Kruse Way
15 Place, Suite 300, Lake Oswego, Oregon 97305.

16 3. Tony Rea was, between **JANUARY 1, 2003** and **SEPTEMBER 9, 2004**, the relevant
17 dates herein, a broker-dealer salesperson affiliated with **METLIFE SECURITIES**. Rea's
18 Central Records Depository (CRD) number is 2839198. During the relevant period, Rea
19 conducted business from 4004 SW Kruse Way Place, Suite 300, Lake Oswego, Oregon 97305.

20 4. Tony Rea, who has passed the series six and sixty-three securities licensure
21 examinations, first became affiliated with **METLIFE SECURITIES** in **February, 2002**. Rea
22 was properly licensed by the State of Oregon from the date of the commencement of his
23 affiliation until **December 31, 2002**.

24 5. Tony Rea applied for and was granted an Oregon securities license on **September 10,**
25 **2004**, and has been licensed by the State of Oregon through the date of entry of this Order.

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1 **Part Two: Period of Unlicensed Activity**

2 6. Respondent **METLIFE SECURITIES** was, between **JANUARY 1, 2003** and
3 **SEPTEMBER 9, 2004**, the relevant dates herein, licensed by the State of Oregon as a broker-
4 dealer firm.

5 7. Calvin Sumner was, between **JANUARY 1, 2003** and **SEPTEMBER 9, 2004**, the
6 relevant dates herein, licensed by the State of Oregon as a broker-dealer salesperson. Sumner
7 passed the Series 24 examination and was eligible to act in a supervisory capacity.

8 8. Tony Rea was, between **JANUARY 1, 2003** and **SEPTEMBER 9, 2004**, the
9 relevant dates herein, **not** licensed by the State of Oregon as a broker-dealer salesperson.

10 9. Tony Rea was, pursuant to ORS 59.165 (1), obligated to possess an Oregon securities
11 license before engaging in the activities of a broker-dealer salesperson in this State.

12 10. Tony Rea engaged in the activities of a broker-dealer salesperson without an Oregon
13 securities license between **JANUARY 1, 2003** and **SEPTEMBER 9, 2004**.

14 11. Respondent **METLIFE SECURITIES** was, pursuant to ORS 59.165 (3), obligated
15 to employ only broker-dealer salespersons licensed by the State of Oregon at its office located at
16 4004 SW Kruse Way Place, Suite 300, Lake Oswego, Oregon 97305.

17 12. Respondent **METLIFE SECURITIES** violated its obligation to employ only
18 broker-dealer salespersons licensed by the State of Oregon at its Oregon office by employing
19 Tony Rea between **JANUARY 1, 2003** and **SEPTEMBER 9, 2004**.

20 **Part Three: Failure To Supervise**

21 13. Respondent **METLIFE SECURITIES** had, pursuant to OAR 441-205-0210 (2), a
22 duty to designate a supervisor for each associated person in its employ, including broker-dealer
23 salespersons. Calvin Sumner, Managing Director of the Lake Oswego, Oregon office, was the
24 designated supervisor of Tony Rea.

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1 14. Respondent **METLIFE SECURITIES** had, pursuant to OAR 441-205-0210 (1), an
2 obligation to exercise diligent supervision over the securities activities of all of its associated
3 persons, including broker-dealer salespersons.

4 15. Respondent **METLIFE SECURITIES** violated its obligation to exercise diligent
5 supervision over the securities activities of all of its associated persons by employing Tony Rea,
6 an unlicensed broker-dealer salesperson, between **JANUARY 1, 2003** and **SEPTEMBER 9,**
7 **2004.**

8 16. Respondent **METLIFE SECURITIES** had, pursuant to OAR 441-205-0210 (3) (d),
9 an obligation to establish, maintain, and enforce adequate policies and procedures to ensure that
10 back office operations were regularly reviewed. Said obligation included the establishment,
11 maintenance, and enforcement of a process to regularly review the licensure status of all broker-
12 dealer salespersons to ensure that they were properly licensed with the State of Oregon before
13 engaging in the activities of a broker-dealer salesperson in or from this State.

14 17. Respondent **METLIFE SECURITIES** violated its obligation to establish, maintain,
15 and enforce adequate policies and procedures to regularly monitor back office obligations by not
16 having an adequate procedure in place to prevent the lack of licensure of one of its broker-dealer
17 salespersons to go undetected from **JANUARY 1, 2003** through **SEPTEMBER 9, 2004.**

CONCLUSIONS OF LAW

19 The Director **CONCLUDES** that:

20 18. Tony Rea, while in the employ of Respondent **METLIFE SECURITIES**, had the
21 opportunity to offer and/or sell securities in and from the State of Oregon without being licensed
22 as a broker-dealer salesperson from **JANUARY 1, 2003** through **SEPTEMBER 9, 2004**, in
23 violation of ORS 59.165 (1).

24 19. Respondent **METLIFE SECURITIES** employed an individual under circumstances
25 in which he had the opportunity to offer and/or sell securities in and from the State of Oregon
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1 without being licensed as a broker-dealer salesperson from **JANUARY 1, 2003** through
2 **SEPTEMBER 9, 2004**, in violation of ORS 59.165 (3).

3 20. Respondent **METLIFE SECURITIES** failed to exercise diligent supervision over
4 the securities activities of its associated persons by employing an unlicensed broker-dealer
5 salesperson from **JANUARY 1, 2003** through **SEPTEMBER 9, 2004**, in violation of OAR 441-
6 205-0210 (1).

7 21. Respondent **METLIFE SECURITIES** failed to establish, maintain, and enforce
8 written policies and procedures to regularly monitor back office obligations by not having an
9 adequate procedure to prevent the lack of licensure of one of its broker-dealer salespersons to go
10 undetected from **JANUARY 1, 2003** through **SEPTEMBER 9, 2004**, in violation of OAR 441-
11 205-0210 (3) (d).

12 **ORDER**

13 Therefore, the Director **ORDERS**

14 22. That Respondent shall cease and desist from any further violation of ORS Chapter 59,
15 OAR Chapter 441, or Oregon securities law.

16 23. That Respondent **METLIFE SECURITIES** is ordered to pay the sum of
17 **TWELVE THOUSAND DOLLARS** (\$12,000.00) for the above described violations of ORS
18 59.165 (3), OAR 441-205-0210 (1), and OAR 441-205-0210 (3) (d).

19 **IT IS SO ORDERED.**

20 Dated this 6th day of September, 2005 at Salem, Oregon.

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350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



21 CORY STREISINGER, Director
22 Department of Consumer and Business Services

23 *Floyd Lanter*
Floyd Lanter, Administrator

24 Division Of Finance And Corporate Securities
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1 **CONSENT TO ENTRY OF ORDER**

2 Respondent states: that it has read the foregoing Order and fully understands the contents
3 thereof; that it has been advised of the right to a hearing and of the right to be represented by
4 counsel in this matter; that it, voluntarily, and without any force or duress, consents to the entry
5 of this Order, expressly waiving any right to a hearing in this matter; that it understands that the
6 Director reserves the right to take further actions to enforce this Order or to take appropriate
7 action upon discovery of other violations of the Oregon Securities Laws; and that it will fully
8 comply with the terms and conditions stated herein.

9 Respondent further assures the Director that neither MetLife Securities, nor its employees
10 or independent contractors, if any, will engage in securities transactions in Oregon unless such
11 activities are in full compliance with Chapter 59 of the Oregon Revised Statutes.

12 Respondent understands that this Consent Order is a public document.

13 Dated this 21 day of August, 2005.

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15 For MetLife Securities:

16 I, Leonard M. Bafal represent that I am Vice President, Compliance Director
Chief Compliance Officer of
17 MetLife Securities, Inc. and that, as such, have been authorized by MetLife Securities, Inc. to enter
18 into this Order for and on behalf of MetLife Securities, Inc..

19 Dated this 21 day of August, 2005.

20 MetLife Securities, Inc

21 By: [Signature]

22 Title: Vice President & Compliance Director,
Chief Compliance Officer

23 [Signature]
24 (Printed Name of Notary Public)

25 MADELEINE DUNN
Notary Public, State of New York for the State of: New York
No. 01DU5047943 My commission expires: 8-14-2009
26 Qualified in New York County
Commission Expires Aug. 14, ~~199~~ 2009