

MIKE BEEBE
GOVERNOR

A. HEATH ABSHURE
COMMISSIONER



HERITAGE WEST BUILDING, SUITE 300
201 EAST MARKHAM STREET
LITTLE ROCK, ARKANSAS 72201-1692
TELEPHONE: (501) 324-9260
FACSIMILE: (501) 324-9268

ARKANSAS SECURITIES DEPARTMENT

Theodore Holder
Direct Dial: 501/324-8678
Email: tholder@securities.arkansas.gov

FOR IMMEDIATE RELEASE

Date: August 1, 2014
Contact Person: Theodore Holder

ARKANSAS SECURITIES COMMISSIONER APPROVES SETTLEMENT BETWEEN THE STAFF OF THE ARKANSAS SECURITIES DEPARTMENT AND TWO INSURANCE AGENTS

In two consent orders Arkansas Securities Commissioner A. Heath Abshure (Commissioner) approved a settlement between the Staff of the Arkansas Securities Department (Staff) with insurance agents Christy D. Coffman and Trent A. Dodds resulting in a \$2,500 fine for each agent. Coffman and Dodds participated in a seminar concerning social security in Fort Smith with two other insurance agents. A field marketing organization (FMO), a business organization through which insurance agents market and sell insurance products and from which the agents obtain training and support, produced the seminar. The FMO sent direct mail invitations targeting senior citizens at or close to the age to begin drawing social security. The marketing materials provided by the FMO referred to the four as "The Retirement Pros."

Seminar attendees could arrange individual meetings with the agents. A medically retired 64 year old resident opted for an individual meeting, and Coffman and Dodds met with AR1 and his wife at their home. AR1 and his wife told Coffman and Dodds they were looking for a second income stream to pay the wife's health insurance premiums until she became eligible for Medicare at 65 and allow her to retire immediately at 63. Coffman told AR1 that his securities were not totally safe from a judgment creditor, and Dodds told AR1 that one of his securities accounts was not doing well. Coffman and Dodds recommended that AR1 liquidate approximately 60% of his securities holdings and replace them with an Equity Indexed Annuity (EIA) that would effectively tie his money up for 14 years. AR1 at first agreed, but when he realized that there was no income stream and that his money was tied up for some time, he called the Staff, and the transaction was cancelled.

The Commissioner found that Coffman and Dodds acted as unregistered investment advisers in recommending that AR1 sell securities and replace them with an EIA. He also found that the way in which this investment advice came about—the hosting a seminar about social security to senior citizens by four insurance agents whose only possible source of income would be commissions on the sale of insurance products, obtaining financial information about the attendee in a one-on-one meeting and recommending the replacement of securities with an EIA after casting aspersions on securities—violated the Arkansas Securities Act as an "act, practice or course of business that operates or would operate as a fraud or deceit" upon another person.

Copies of the orders are posted on the Arkansas Securities Department's website, listed below. Order No. S-14-0024-14-OR01, *In the Matter of Christy D. Coffman* (issued July 15, 2014), and Order No. S-14-0024-14-OR02, *In the Matter of Trent A. Dodds* (issued July 31, 2014).