

**STATE OF MISSOURI  
DEPARTMENT OF INSURANCE**

**IN THE MATTER OF:**

**Investors Union, LLC  
d/b/a Annuity Service Center**

Serve at:

Investors Union, LLC  
4015 Medina Road  
Suite 200  
Medina, Ohio 44256

Or

Edward Diller, Esq.  
425 Walnut Street  
Suite 1800  
Cincinnati, Ohio 45202

**Case No. 060803273C**

**PETITION FOR CEASE AND DESIST ORDER**

**Factual Background**

1. Investors Union, LLC is a business entity licensed and operating from the State of Ohio (license number 27514) for the purpose of engaging in securities and insurance agency business.
2. Annuity Service Center is registered as a fictitious name or trade name for Investors Union, LLC in the State of Ohio for the purpose of annuity sales and servicing.
3. Neither Investors Union nor Annuity Service Center is licensed as an insurance producer in the State of Missouri.
4. Between October 2005 and August 2006, Investors Union, LLC sent postcards to residents of the State of Missouri under the name of Annuity Service Center.

5. The postcards were advertisements for the purpose of obtaining leads for the sale of annuities and other insurance products.

6. The postcards advised recipients that they **“may have an annuity that has reached the end of its surrender period.”** The postcard then directed the recipient to contact the Annuity Service Center at a toll-free telephone number. On the postcard’s reverse side and in fine print, recipients were advised that the notice was

**“being sent to you as a holder of an in-force annuity contract. This agency does not have a direct affiliation with the insurance carrier through which you are currently contracted. The agency is contracted with agents licensed to conduct insurance business in your state. This notice should be disregarded if you do not currently have an in-force annuity contract. The Annuity Service Center does not sell nor solicit the sale of insurance products.”**

7. The postcards gave the false impression that Investors Union, LLC d/b/a Annuity Service Center was in possession of information concerning the recipient’s annuity contracts, if any existed, and personal financial information. The postcards suggested to recipients that they were an “annuity holder,” when the company had no documented evidence indicating that the recipients were owners or “holders” of annuities. The postcards suggested to recipients that an annuity contract owned by such recipients had reached the end of the contract’s surrender period when the company had no prior evidence concerning the recipients’ ownership of an annuity, much less the surrender period of that annuity. The postcards misrepresented to recipients who did, in fact, own an annuity contract, that they had an obligation to respond to the toll-free telephone number provided on the card.

8. When recipients called the toll-free telephone number as directed by the postcard, recipients were advised by Annuity Service Center agents, through the use of an approved script, including rebuttal statements, that:

- a. “[R]ecent tax law changes” and “potential hidden features you may not have been informed of” will be discussed by the agent who will visit the caller’s residence; and
- b. The insurance agent will “make sure you are receiving all the benefits and features you are entitled to;” and
- c. “[I]nsurance and financial services companies have introduced a number of enhancements that your broker may not be aware of.”

9. Such statements were made by Annuity Service Center agents for the purpose of scheduling appointments with independent insurance agents. The approved script also included rebuttals designed to overcome callers’ objections in order to schedule an appointment with an insurance agent. Once an appointment was scheduled by an Annuity Service Center agent, the insurance agents who contracted with Investors Union, LLC d/b/a Annuity Service Center paid Annuity Service Center a fee for each scheduled appointment. The independent insurance agents then provided a complimentary insurance product evaluation in the postcard recipient’s home for the purpose of building a relationship with the prospective customer and making insurance product sales and earning commissions from those sales.

10. From at least October 2005 to August 2006, the Missouri Department of Insurance has received no fewer than nine (9) separate written complaints on behalf of thirteen (13) individuals who have indicated concern about a direct-mail solicitation

from the Annuity Service Center of Medina, Ohio. Some complaints were received directly from consumers, and some complaints were received from licensed insurance producers whose customers have complained to them about the solicitations.

11. The complaints received by the Missouri Department of Insurance expressed concern and confusion regarding whether Annuity Service Center had any of the recipients' personal financial information, and if so, how Annuity Service Center acquired such personal financial information.

12. On or about April 18, 2006, Annuity Service Center responded to a written inquiry from the Missouri Department of Insurance. Annuity Service Center revealed a demographic profile used to target potential insurance customers, focusing on senior homeowners within a specified income range. Annuity Service Center revealed that they do not, in fact, have any financial information about the targeted postcard recipients; they merely target the postcard recipients because the recipients are statistically most likely to own an annuity product. Annuity Service Center said they obtain names and mailing addresses of such targeted individuals from a commercial database identified as USAData, 292 Madison Avenue, Third Floor, New York, New York 10017.

**VERIFICATION**

Investigator Ronald Harrod states that the factual allegations contained in this petition are true to the best of the Investigator's knowledge.



Ronald Harrod  
Special Investigator

August 10, 2006

Date

**RELIEF REQUESTED**

**WHEREFORE**, TAMARA WALLACE requests that the Director issue a cease and desist order prohibiting Investors Union, LLC d/b/a Annuity Service Center from violating:

- A. § 375.014, RSMo (Cum. Supp. 2005) by selling, soliciting or negotiating insurance in this state for any class or classes of insurance unless it is licensed for that line of authority; and
- B. § 375.936(4), RSMo (2000) by making, publishing, disseminating, circulating or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public in a newspaper, magazine, or other publication, or in the form of a notice, circular, pamphlet, letter, or poster, or in any other way, an advertisement, announcement, or statement with respect to the business of insurance which is untrue, deceptive, or misleading; and
- C. § 375.936(6)(f), RSMo (2000) by engaging in unfair trade practices by making, issuing, circulating, or causing to be made, issued or circulated, any estimate, illustrations, circular or statement, sales presentation, omission, or comparison which is a misrepresentation for the purpose of inducing or tending to induce the purchase, lapse, forfeiture, exchange, conversion, or surrender of any policy, including any intentional misquote of a premium rate.
- D. § 375.144(2), RSMo (Cum. Supp. 2005) by directly or indirectly, as to any material fact, making or using any misrepresentation, concealment, or suppression in connection with the offer, sale, solicitation, or negotiation of insurance.

Respectfully submitted this 10<sup>th</sup> day of August, 2006



Tamara A. Wallace  
Rule 13 Certified Law Clerk, Legal Section