BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of
CURTIS R. EDMARK,
Respondent. 

PETITION FOR ORDER
File No. S-05221(EX)

The staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities (hereinafter "the Division"), has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats. and as a result thereof alleges as follows:

1. Curtis R. Edmark ("Edmark") is an individual, with a date of birth of July 25, 1962, a CRD number of 1596961, and a last known home and business address at that of 3911 45th Avenue, Kenosha, Wisconsin 53144;

2. Beneficial Assurance Ltd., ("Beneficial Assurance") is a Maryland corporation with its last known corporate headquarters at 8003 Corporate Drive, Suite C, Baltimore, Maryland 21236;

3. Upon information and belief, at all times material hereto the business of Beneficial Assurance was the sale of viatical settlement contracts;

4. At all times material hereto, Edmark was an insurance agent licensed by the Office of the Wisconsin Commissioner of Insurance, and Edmark was licensed as a securities agent by the Division from November 1991 until March 1998;

5. According to information provided by Edmark to staff of the Division, during the period of at least April to December 1998, Edmark, on behalf of Beneficial Assurance, offered and sold to at least four persons in Wisconsin the viatical settlement contracts of Beneficial Assurance;

6. The viatical settlement contracts of Beneficial Assurance are investment contract securities as defined by DFI-Sec 1.02(6)(a), Wis. Adm. Code and sec. 551.02(13), Wis. Stats.;

7. The viatical settlement contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;

8. Edmark has violated sec. 551.21(1), Wis. Stats., by offering and selling unregistered securities to persons in Wisconsin;

9. In connection with the offers and sales of the securities described above, Edmark transacted business in Wisconsin as an "agent" for Beneficial Assurance as that term is defined by sec. 551.02(2), Wis. Stats.;

10. At no time has Edmark been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.;
11. Edmark has violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license; and

12. The Department wrote in its Securities Bulletin, for the fourth quarter of 1997, in its “Words for Reps” column, that “…securities agents must be aware of and resolve four issues when considering becoming involved in the sale of viatical settlement contracts. First, if the VCSs (viatical settlement contracts) are structured such that they are securities, the securities would have to be registered with the Division (of Securities) or be eligible for an exemption from registration to be marketed in Wisconsin. … Otherwise, the offer and sale of such VCSs may result in regulatory action against you, …for the sale of unregistered securities … Third, NASD regulations and rule DFI-Sec 4.06(2)(c) Wis. Adm. Code, make it an unethical practice for an agent to effect transactions in securities (absent the knowledge of, and written permission from, their employing broker-dealer) that are not recorded on the books and records of the agent’s broker-dealer. Therefore, if an agent’s sales of viatical settlement contracts involve a ‘security’ and the agent fails to inform his or her broker-dealer, the result would be a serious sales practice violation commonly referred to as ‘doing business away’ or ‘selling away.’ Both the NASD and the Division have taken strong enforcement actions against agents who have violated the ‘selling away’ rule, …”

Therefore, the staff of the Bureau of Registration & Enforcement petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.

Mark E. Dorman
Examiner

Date

David A. Cohen
Supervising Attorney

Date
BEFORE THE
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WAIVER AND CONSENT
TO ORDER

File No. S-05221(EX)

The undersigned Respondent, having decided not to contest the issuance of the attached Order, hereby waives his right to a hearing with respect to this matter and hereby consents to the issuance of the Order;

The undersigned Respondent understands that the Order is effective when signed by the Administrator of the Division of Securities and that a willful violation of an Order signed by the Administrator is a criminal offense.

EXECUTED this 13th day of December, 2005.

CURTIS R. EDMARK

(Curtis R. Edmark
DOB 7/3/62)

State of Wisconsin )
County of Racine )

Subscribed before me this
13 day of December, 2005.

Mary C. Sparks
Notary Public

My commission expires July 13, 2008