

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

CASE NO S-08-074

IN THE MATTER OF:

JAMES ROBERT CRAWFORD d/b/a
SAFETY OF SENIORS, INC.

ORDER NO.S-08-074-09-CD01

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ARKANSAS SECURITIES DEPT.

CEASE AND DESIST ORDER

On March 12, 2009, the Staff of the Arkansas Securities Department (“Staff”) filed its Request for a Cease and Desist Order (“Request”), stating that it has information and certain evidence that indicates James Robert Crawford, d/b/a Safety of Seniors, Inc., has violated provisions of the Arkansas Securities Act (“Act”), Ark. Code Ann. § 23-42-101 through § 23-42-509. The Arkansas Securities Commissioner (“Commissioner”) has reviewed the Request, and based upon representations made therein, finds that:

FINDINGS OF FACT

1. The Staff’s Request asserts the following representations of fact:
 - A. James Robert Crawford (“Crawford”) is a licensed insurance agent and a resident of Mountain Home, Arkansas, doing business as Safety of Seniors, Inc. (“SOS”). Crawford is the president of SOS. Crawford is not registered with the Arkansas Securities Department (“Department”) in any capacity.
 - B. Safety of Seniors, Inc. is an Arkansas corporation. SOS is not registered with the Department in any capacity.
 - C. Crawford provided investment advice in several letters to an Arkansas resident, AR1.

- i. On or about September 18, 2007, Crawford sent a letter to AR1. In this letter Crawford stated, “I would suggest moving your funds from Ameriprise, where they are vulnerable to Market Conditions and, in poor economic times could result in eventually running out of income.” AR1’s Ameriprise account was divided between an individual retirement account (“IRA”) brokerage account and two separate IRA fund holdings. In the same letter Crawford went on to discuss an alternative investment in an annuity product designed to produce earnings of 6% to 9% with no danger of ever losing money.
- ii. On or about September 25, 2007, Crawford sent another letter to AR1. In this letter Crawford again stated, “You could move your Ameriprise Account If my calculations are correct, (the Ameriprise account) is 80% at risk should the Market fail. At your age, you may not be around long enough for the recovery.” In the same letter Crawford recommended the purchase of a Balance Plus Annuity (an equity indexed annuity) with funds received from selling the securities in the Ameriprise account.
- iii. On or about October 4, 2007, Crawford sent another letter to AR1. In this letter Crawford stated, “Regarding your conversation with your Broker yesterday, I offer several comments: a) He has been doing you no favors by leaving your funds 100% at risk when he is aware that you depend on those funds for living expenses. b) I

would be very surprised if there is a \$2,000.00 transfer fee involved, but assuming there is, and he said there would be no fee in sending you a check. c) I would call Ameriprise direct, and request that they immediately send you a check for the full amount of your account.” In the same letter Crawford went on to discuss sending the check to American Investors to purchase an annuity.

In recommending that AR1 sell or liquidate his Ameriprise account containing securities, Crawford was providing investment advice recommending the sale of securities. AR1 followed Crawford’s advice and sold or liquidated his Ameriprise account containing securities. AR1 used the proceeds of said sale to purchase an equity indexed annuity from Crawford.

- D. On or about June 21, 2007, Crawford sent a letter to Arkansas residents, AR2. In this letter Crawford stated, “Based on the above information, we as a Team, would like to make the following recommendations... As your IRAs are the last dollars you want to spend, because of tax implications, we would recommend that they be placed in a Balance Plus Annuity. IRAs can be rolled over once a year with no tax consequences...as they stand, they are vulnerable to Market and/or Creditor Losses, in addition to no protection in case of a Nursing Home.” At the time Crawford sent this letter to AR2, AR2 had two separate IRAs that were invested in securities. In recommending that AR2 sell or liquidate their IRA accounts containing securities, Crawford was providing investment advice recommending the

sale of securities. AR2 followed Crawford's advice and sold or liquidated their IRAs containing securities. AR2 used the proceeds of said sale to purchase two equity indexed annuities from Crawford.

- E. On or about April 30, 2007, Crawford sent a letter to Arkansas residents, AR3. In this letter Crawford stated, "We would suggest that you retain your GM Stock and your Bank Stock, as, although they are not protected, they are solid investments. Regarding your non-qualified funds with Smith Barney and Charles Schwab, we are suggesting that you combine them with Washington National, which would give you a 10% Bonus, vesting immediately, making you a quick \$3,500.00.... Regarding (AR3's) IRA, I would suggest the AmeriMark Freedom (annuity), using a combination of 3 Strategies.... I would suggest the same with (AR3's other) IRAs..." Both AR3's Smith Barney and Charles Schwab accounts contained stock holdings. In recommending that AR3 sell their Smith Barney and Charles Schwab accounts containing securities, Crawford was providing investment advice recommending the sale of securities. AR3 followed Crawford's advice and sold or liquidated their Smith Barney and Charles Schwab accounts containing securities. AR3 used the proceeds of said sales to purchase two equity indexed annuities from Crawford.
- F. On or about December 19, 2007, Crawford made hand written notes concerning his investment advice to Arkansas residents, AR4. Crawford's notes state, "Recommendation- Call local Broker from here (2nd line); Uncomfortable with Market- Move to cash- Money Mkt acct; Want

present cost basis of 'Equities' & estimate of commissions & fees to do.”

A memorandum on SOS letterhead dated December 19, 2007, and located in AR4's file states, “Phone call to Local Rep, AGE ‘Uncomfortable with Market’; might want to transfer funds to my Cash –Money Market Account; in order to make that decision, I need from you: The present ‘Cost Basis of my Equities’. An estimate of commissions and fees to do that. Will I continue to be charged A Quarterly (monthly?) Fee?”

Crawford was providing investment advice recommending the sale or liquidation of AR4's AG Edwards brokerage accounts in order purchase an equity indexed annuity. Further, Crawford facilitated this sale of securities by drafting a script for AR4 to use during their telephone conversation with their broker. In addition, it appears Crawford arranged for AR4 to call their broker on a telephone located at Crawford's office. AR4 followed Crawford's advice and sold or liquidated their AG Edwards accounts containing securities. AR4 used the proceeds of said sale to purchase an equity indexed annuity from Crawford.

- G. AR1 through AR4 followed Crawford's investment advice as detailed in paragraphs 1.C through 1.F. AR1 through AR4 sold or liquidated their securities in order to purchase various equity indexed annuity products from Crawford. While Crawford did not directly charge a fee to AR1 through AR4 for any of the investment advice detailed in paragraphs 1.C through 1.F, Crawford d/b/a SOS did receive sales commissions for the sale of annuity products to AR1 through AR4. Therefore, Crawford d/b/a

SOS did receive indirect payments of compensation for the investment advice provided to AR1 through AR4 as detailed in paragraphs 1.C through 1.F.

CONCLUSIONS OF LAW

2. Ark. Code Ann. § 23-42-102(8) defines an investment adviser as any person who, for compensation, engages in the business of advising others as to the advisability of investing in, purchasing or selling securities. All of the investment advice provided by Crawford d/b/a SOS to AR1 through AR4 involved the selling of securities. Further, the sales commissions received by Crawford d/b/a SOS for the sales of annuity investments to AR1 through AR4 constituted compensation as contemplated by Ark. Code Ann. § 23-42-102(8). Finally, all of the investment advice provided by Crawford d/b/a SOS to AR1 through AR4 constituted engaging in the business of advising others as to the advisability of selling securities as defined in Ark. Code Ann. § 23-42-102(8).

3. Ark. Code Ann. § 23-42-301(c) prohibits as unlawful the transaction of business as an investment adviser or representative by any person who is not first registered with the Arkansas Securities Department as such. Crawford d/b/a SOS violated Ark. Code Ann. § 23-42-301(c) by transacting business in Arkansas as an investment adviser or a representative of an investment adviser without first being registered with the Department.

4. Whenever it appears to the Commissioner, upon sufficient grounds or evidence satisfactory to the Commissioner, that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of the Act or any rule or order under the Act, the Commissioner may summarily order the person to cease

and desist from the act or practice. Ark. Code Ann. § 23-42-209. The conduct, acts, and practices of Crawford d/b/a SOS threaten immediate and irreparable public harm. Based on the Findings of Fact and Conclusions of Law, this Order is in the public interest and is appropriate pursuant to Ark. Code Ann. § 23-42-209.

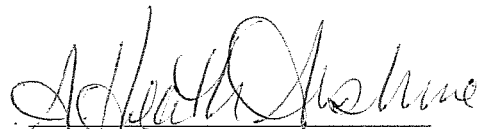
ORDER

5. Crawford d/b/a SOS shall immediately CEASE AND DESIST from providing investment advice and transacting business as investment advisers or representatives of an investment adviser in Arkansas until they and it are properly registered under the Arkansas Securities Act with the Department.

6. A hearing on this Order shall be held if requested by Respondents in writing within thirty (30) days of the date of the entry of this Order, or if otherwise ordered by the Commissioner. Such request should be addressed to the Commissioner and submitted to the following address:

Arkansas Securities Commissioner
201 East Markham, Suite 300
Little Rock, Arkansas 72201

7. If no hearing is requested and none is ordered by the Commissioner, this Order will remain in effect until it is modified or vacated by the Commissioner. *See* Ark. Code Ann. § 23-42-209(a)(2).



A. Heath Abshure
Arkansas Securities Commissioner

March 18, 2009
Date