



BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF)	Division Case No. 89811
)	
GARY D. SPEICHER,)	ORDER AND CONSENT
NPN 59700,)	TO ORDER
CRD 818104,)	
Respondent)	

COMES NOW the Iowa Insurance Division (“Division”) pursuant to the provisions of the Iowa Administrative Code 191—Chapters 10 and 15, the Iowa Insurance Trade Practices—Iowa Code Chapter 507B, the Iowa Licensing of Insurance Producers Act—Iowa Code Chapter 522B, and the Uniform Securities Act—Iowa Code Chapter 502, states and alleges the following:

I. PARTIES AND JURISDICTION

1. The Commissioner of Insurance, Nick Gerhart, administers the Iowa Insurance Trade Practices Act—Iowa Code Chapter 507B, the Iowa Licensing of Insurance Producers Act—Iowa Code Chapter 522B, the Uniform Securities Act—Iowa Code Chapter 502 pursuant to Iowa Code §§ 505.8 and 502.601, and Iowa Administrative Code 191—Chapters 10 and 15. Commissioner Gerhart has designated the Iowa Insurance Division to seek enforcement of these provisions.
2. Gary D. Speicher, (“Respondent”), is an individual with a last-known residence address of 3813 Tahoe Lane SE, Cedar Rapids, Iowa, 52403.
3. Respondent is an individual with a birth month and date of October 13th.
4. Respondent is the president, treasurer, and registered agent, and director of Midwest Business Consultants, Inc., an Iowa corporation.

5. Respondent's last-known business and mailing address is 3600 1st Avenue NE, Suite 102, Cedar Rapids, IA 52402.
6. Respondent is and has been licensed in the state of Iowa as a resident insurance producer since April 15, 1969. He is licensed under National Producer Number 59700.
7. Respondent is and has been licensed in the state of Iowa as a registered securities agent from at least November 6, 1981 under Individual CRD No. 818104.
8. The Division has alleged that from at least March 24, 1989 to October 17, 2013, Respondent has engaged in acts and practices within the state of Iowa constituting cause for suspension or revocation of his insurance producer license; revocation, suspension, bar, or censure of his securities agent registration; cease and desist orders; and civil penalties or other relief under Iowa Code Chapters 507B, 522B, 502, and rules adopted pursuant to these chapters.

II. FINDINGS OF FACT

9. Respondent applied for a resident insurance producer license with the Division and the Division issued Respondent a license as an insurance producer on April 15, 1969 and assigned to him license number 59700.
10. Respondent registered as a securities agent by submitting through the Legacy Central Registration Depository ("Legacy CRD") a Uniform Application for Securities Industry Registration or Transfer ("Form U4").
11. Respondent was issued Individual CRD No. 818104.
12. In submitting Form U4, Respondent designated the Commissioner as an agent for service of process.
13. The Division registered Respondent as a securities agent in the state of Iowa on August 29, 1984 under the previously issued Individual CRD No. 818104.

14. Respondent was an appointed insurance producer with American General Life Insurance Company (“American General”) until April 16, 2015. American General terminated Respondent after it made a determination that Respondent violated both the company’s compliance manual and Iowa law.

15. Respondent was a registered securities agent with Cambridge Investment Research Advisors, Inc until April 15, 2016.

16. From at least March 24, 1989 to at least October 17, 2003, Respondent has solicited or accepted taking ownership of and becoming the beneficiary of at least nine of his customers’ life insurance policies.

17. Of the nine known policies for which Respondent became the owner and beneficiary, the following also occurred:

A. From at least June 19, 1991 to at least December 3, 1999, Respondent has accepted policies with a cash value greater than \$250 from customers who are not members of Respondent’s immediate family.

B. Respondent did not give legal consideration for at least three policies having a value greater than \$250.

C. Respondent received death benefits from at least two policies of which he took ownership. Respondent received a death benefit of \$25,471.00 on the life of his customer, Insured S.H. Respondent received a death benefit of \$51,143.03 on the life of his customer, Insured G.L.

D. In 2015, American General rescinded six policies for which Respondent was listed as owner. American General stated that these policies violated Iowa insurance laws and

were void as a matter of law upon the transfer of ownership to Respondent. Respondent received a refund of all premiums he paid on the rescinded policies.

E. In lieu of a death benefit for rescinded policy Insured D.F., Respondent received a return of all premiums he had paid and a further settlement amount of \$7,672.70 from American General.

III. CONCLUSIONS OF LAW

COUNT I

Accepting Gifts from Customers

18. Under Iowa Administrative Code 191—15.8(5), pursuant to Iowa Code § 507B, a producer is prohibited from soliciting or accepting “a gift to the producer or a member of the producer’s immediate family from an insurance customer that is in the aggregate exceeds \$250, unless the customer is a member of the producer’s immediate family.” Iowa Administrative Code 191—15.8(5) became effective on December 27, 2006.

19. A gift under Iowa Administrative Code 191—15.8(5) is defined as giving “anything of value in return for which legal consideration of equal or greater value is not given and received.”

20. The Division has alleged that:

A. Respondent solicited and accepted life insurance policies, having cash values exceeding \$250, from his customers without providing legal consideration in return;

B. Respondent received death benefits, amounting to at least \$76,614.03 for policies he received as gifts from his customers;

C. Respondent also received a settlement amount of \$7,672.70, in addition to a refund of premium, when he made a death claim for a policy ultimately rescinded by American General.

21. The Division has alleged that Respondent's acts and practices have been in violation of Iowa Administrative Code 191—15.8(5) and Iowa Code § 507B subjecting Respondent to revocation or suspension of Respondent's insurance producer license, the imposition of a civil penalty, and an order requiring Respondent to cease and desist from engaging in the acts or practices alleged herein pursuant to Iowa Administrative Code 191—15.8(5) and Iowa Code § 507B.

COUNT II

Using Dishonest Practices and Demonstrating Untrustworthiness

22. Iowa Code § 522B.11(1)(h) prohibits individuals from using dishonest practices or demonstrating untrustworthiness in the conduct of business.

23. Under Iowa Administrative Code 191—15.8(5) and Iowa Code § 507B, producers can neither solicit nor accept "being named as a beneficiary, executor or trustee in a will, trust, insurance policy or annuity of a customer, unless the customer is a member of the producer's immediate family.

24. The Iowa Administrative Code 191—10.20(4)(d) states that it is a violation to do "any action to circumvent the spirit of these rules and the Iowa insurance statutes or any other action that shows noncompliance."

25. Respondent solicited and/or accepted both becoming the beneficiary of and taking ownership of several life insurance policies previously owned by customers who are not within Respondent's immediate family.

26. The Division has alleged that Respondent circumvented the spirit of Iowa rules and insurance statutes, and thereby engaged in dishonest practices, by simultaneously submitting paperwork to insurance companies requesting changes to the beneficiary and an assignment of ownership of his customer's policies to himself.

27. The Division has alleged that Respondent's acts and practices have been in violation of Iowa Code § 522B.11(1)(h) subjecting Respondent to revocation or suspension of Respondent's insurance producer license, the imposition of a civil penalty, and an order requiring Respondent to cease and desist from engaging or participating in the business of insurance pursuant to Iowa Code §§ 522B.11 and 522B.17.

COUNT III
Dishonest or Unethical Practices in Insurance Business

28. Under Iowa Code § 502.412(4)(m) a person may be disciplined if they have used dishonest or unethical practices in the business of insurance within the past ten years.

29. The Division has alleged that Respondent engaged in dishonest or unethical practices in the insurance business by becoming the beneficiary and taking ownership of life insurance policies owned by his customers.

30. The Division has alleged that Respondent's acts and practice have been in violation of Iowa Code § 502.412(4)(m) subjecting Respondent to revocation, suspension, censure, or bar of his securities agent registration and the imposition of civil penalties pursuant to Iowa Code § 502.412(3).

IV. ORDER

WHEREFORE, IT IS ORDERED pursuant to the powers granted the Commissioner of Insurance by Iowa Code Chapters 507B, 522B, and 502:

A. Respondent's Iowa resident insurance producer license is voluntarily surrendered pursuant to Iowa Code §§ 507B and 522B.11 effective May 20, 2016;

B. Respondent is permanently prohibited from transacting any insurance business in this state or from selling, soliciting, or negotiating insurance; managing, supervising, compensating, hiring, employing, approving or evaluating any persons required to be licensed

insurance producers in this state; or providing any other insurance services to, receiving any compensation, fee or remuneration for any such insurance services from, or being employed by any person or entity engaged in the business of insurance in this state, effective May 20, 2016.

C. So long as the conduct does not violate Iowa Administrative Code 191—15.72–15.79, 10.3, or 50.38, Respondent may engage in securities consulting to assist the transition of his customers to Premier Investments of Iowa, Inc. (“Premier”) so long as insurance matters are not discussed, unless a licensed insurance producer of Premier is present.

D. Notwithstanding the authority in paragraph C, Respondent shall not sell, solicit, or negotiate insurance; or offer specific insurance advice; or discuss the benefits or negatives of a specific insurance policies; or provide recommendations relating to the purchase of a security when the source of funding is an insurance policy; or recommend specific allocation between securities and insurance products; or providing advice on the customer’s insurance policy performance or comparing the specific insurance policy performance with securities; or using the terms insurance professional, agent, producer or other title that indicates that Respondent is licensed to provide insurance advice.

E. So long as the conduct does not violate Iowa Administrative Code 191—15.72–15.79, 10.3, or 50.38, Respondent may continue to conduct general public informational workshops and participate in informational programs on the radio and television as long as no specific insurance advice or products are discussed by him. Respondent is prohibited from selling, soliciting, or negotiating insurance. Respondent cannot hold himself out or use any titles that would tend to indicate that Respondent is licensed to provide insurance advice.

F. Cease and desist order prohibiting Respondent from engaging in the acts or practices alleged herein pursuant to Iowa Code §§ 507B and 522B.17;

G. Respondent shall pay to the State of Iowa, Insurance Division, a civil penalty in the amount of \$6,000.00. A check made payable to the Iowa Insurance Division should be remitted along with the signed Order;

H. Respondent shall pay to the State of Iowa, Insurance Division, as costs of investigation and prosecution, the amount of \$3,000.00 payable to the Insurance Enforcement Fund to provide funds for insurance enforcement and education. A check made payable to the Iowa Insurance Division should be remitted along with the signed Order; and

I. Respondent shall pay to the State of Iowa, Insurance Division, restitution in the amount of \$2,500.00 for premium received and incorrectly applied to a life insurance policy, payable to the Settlement Fund of the Iowa Insurance Division. A check made payable to the Iowa Insurance Division should be remitted along with the signed Order.

SO ORDERED on this 28 day of April, 2016.



NICK GERHART
Iowa Insurance Commissioner

Respectfully submitted,



JOHANNA NAGEL
Compliance Attorney

NOTICE OF PENALTIES FOR WILLFUL VIOLATION OF THIS ORDER

YOU ARE NOTIFIED that acting as an insurance producer, as defined in Iowa Code Chapter 522B, in violation of this Order, is a felony under Iowa Code § 507A.10, subjecting you to punishment of imprisonment, jail, fines, or any combination of custody and fines.

YOU ARE ALSO NOTIFIED that any person who violates this order may be subject to administrative and civil penalties pursuant to Iowa Code § 522B.17(3). The commissioner may petition the district court to hold a hearing to enforce the order as certified by the commissioner. The district court may assess a civil penalty against the person in an amount not less than three thousand dollars but not greater than ten thousand dollars for each violation, and may issue further orders as it deems appropriate.

NOTICE REGARDING IMPACT OF ORDER ON EXISTING LICENSES

A final order of license revocation or a cease and desist order may adversely affect other existing business or professional licenses and result in license revocation or disciplinary action.

CONSENT TO ORDER AND AGREEMENT

I, Gary D. Speicher, Respondent in this matter, have read, understood, and do knowingly consent to this Order in its entirety. By executing this consent, I understand that I am waiving my rights to a hearing, to confront and cross-examine witnesses, to produce evidence, and to judicial review.

I further understand that this Order is considered final administrative action that may be reported by the Division to the National Association of Insurance Commissioners and to other regulatory agencies. I also understand that this Order is a public record under Iowa Code Chapter 22, that will be disclosed to other state regulatory authorities, upon request, pursuant to Iowa Code section 505.8(8)(d). I also understand that the information contained in the Order will be posted to the Division's web site and a notation will be made to the publicly available web site record that administrative action has been taken against me.

Dated this 25 day of April, 2016.

Gary D Speicher
Gary D. Speicher

3813 Tahoe Ln SE Cedar Rapids IA 52403
Address of Signatory

Subscribed and sworn before me by Gary D. Speicher on this 25 day of April, 2016.

Diana M Irvin
Notary Public

