

FILED

OCT 14 2014

COMMISSION OF INSURANCE
INSURANCE DIVISION OF IOWA

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF:

RICK BIANCHI
NPN # 2580219

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CONSENT ORDER

DIVISION FILE NO.: 83029

The Iowa Insurance Division ("Division"), pursuant to the provisions of the Iowa Uniform Securities Act – Iowa Code Chapter 502 and the Iowa Licensing of Insurance Producers Act – Iowa Code Chapter 522B, has sought the entry of this Order.

I. PARTIES AND JURISDICTION

1. The Commissioner of Insurance, Nick Gerhart, enforces the Iowa Uniform Securities Act – Iowa Code Chapter 502 and the Iowa licensing of Insurance Producers Act – Iowa Code Chapter 522B, pursuant to Iowa Code § 505.8 (2013).
2. Rick Bianchi ("Bianchi") is an individual with a last known mailing address of 6713 Star View St., Des Moines, IA 50320.
3. Bianchi is and has been licensed as an insurance producer in the state of Iowa since January 6, 1995.
4. Bianchi was formerly licensed as a securities agent and investment adviser representative with Questar Capital Corporation ("Questar") in the state of Iowa from May 1, 2013 through February 26, 2014. Prior to that, Bianchi was employed by New England Securities in the state of Iowa as a securities agent from February 1, 1995 through April 30, 2013 and as an investment adviser representative from May 27, 2008 through April 30, 2013.

II. FACTUAL ALLEGATIONS

5. Bianchi's client, Client A, held a MetLife Insurance Company ("MetLife") annuity contract purchased through New England Securities.

6. Client A was notified by MetLife that her annuity contract was no longer available for future contributions. Client A and Bianchi discussed the best course of action for dealing with the MetLife annuity and decided to enter into an IRS section 1035 exchange of annuity contracts. Bianchi was appointed with Allianz Life Insurance Company of North America ("Allianz"). In September 2013, Client A selected an Allianz annuity for the exchange and Bianchi assisted her in completing the application.

7. Approximately eight to ten weeks went by without Allianz approving the exchange of annuity contracts. Bianchi and Client A attempted to obtain information on why Allianz had not opened Client A's account or, if the account was not going to be approved, why Allianz had not returned the money to MetLife so that contract could be reinstated.

8. Bianchi then drafted a memorandum dated December 13, 2013 on MetLife letterhead and the memorandum was drafted as if it had been sent to Client A from MetLife with information purportedly requested by Allianz as documentation required for their file. The memorandum was never sent to Client A. The memorandum stated that:

To: [Client A]

From: Annuity Services

Re: Contract # [xxxxxxxxxx]

Please be advised that the surrender of this contract has multiple features and was an internal exchange of a previously owned New England Contract. As a result of the aforementioned internal exchange the surrender charges were calculated on the new contracts surrender schedule, when in actuality there were none present when the exchange program was initiated and therefore the initial premium payment was free of surrender. This calculation was based on the Preference Premier B class surrender schedule and needs to be recalculated on the new premium dollars and not the exchanged accumulation value. The surrender charge that was referenced was on all premium payments and included a pro-rata Guaranteed Withdrawal Benefit Charge and a contract fee referenced as a sales charge. This fee should be waived due to the balance in her contract. These fees and surrender charges are being evaluated and will be corrected at such a time when all the contractual facts can be gathered. At that time any adjustments that need to be made will be made with the above referenced client.

Bianchi has admitted to drafting this memorandum on MetLife letterhead.

9. Bianchi contends that his and Client A's understanding was that no surrender charges to MetLife would occur in the exchange of annuity policies. MetLife disputes that no surrender charges were due on the transaction. Bianchi later discovered that Client A owed approximately \$10,400 in surrender charges to MetLife.

10. Allianz held Client A's funds for approximately thirty days. When Allianz learned of the origin of the memorandum, it returned Client A's funds to MetLife. MetLife allowed Client A to reinstate her contract with the company due to the situation involving the memorandum.

11. On February 26, 2014, Bianchi was terminated for cause by Questar. The reason stated in the Form U5 filing by Questar was that "The Representative provided documentation to the firm intended to support the suitability review process of a specific annuity transaction. This documentation was drafted on the letterhead of an unaffiliated insurance carrier. Upon further investigation, the firm learned that the representative drafted the letter and applied it to the letterhead of this unaffiliated insurance carrier."

12. On February 27, 2014, Bianchi was advised by letter that his appointment with Allianz was being terminated effective March 3, 2014.

III. VIOLATIONS OF IOWA INSURANCE AND SECURITIES LAWS AND REGULATIONS USING FRAUDULENT OR DISHONEST PRACTICES IN BUSINESS OF INSURANCE

13. Paragraphs 1 – 12 are incorporated by reference.

14. Bianchi used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state in violation of Iowa Code § 522B.11(1)(h) (2013).

15. The violation of Iowa Code Chapter 522B and applicable rules is grounds for revocation, suspension, censure, and/or the imposition of a civil penalty and an order requiring such person to cease and desist from the acts, methods or practices pursuant to Iowa Code §§ 522B.11 and 522B.17 (2013).

DISHONEST OR UNETHICAL PRACTICE IN INSURANCE BUSINESS

16. Paragraphs 1 – 15 are incorporated by reference.
17. Bianchi engaged in a dishonest or unethical practice in the insurance business within the previous ten years in violation of Iowa Code § 502.412(4)(m) (2013).
18. The securities administrator may institute a disciplinary action under § 502.412, including an action to revoke, suspend, condition, or limit the registration of a registrant, censure, impose a bar, or impose a civil penalty, within one year after the withdrawal became effective automatically and issue a disciplinary order as of the last date on which registration was effective if a proceeding is not pending pursuant to Iowa Code § 502.409(1).
19. The violation of Iowa Code Chapter 502 and applicable rules is grounds for revocation, suspension, censure, and/or the imposition of a civil penalty and an order requiring such person to cease and desist from the acts, methods or practices pursuant to Iowa Code §§ 502.412 and 502.604 (2013).

IV. STIPULATIONS

1. **Jurisdiction.** Bianchi consents to the entry of this Order and admits that the Iowa Insurance Division has personal jurisdiction over him and has subject matter jurisdiction over this matter.
2. **Suspension.** Bianchi agrees to the suspension of his insurance producer license for a period of twenty-one calendar days based on the allegations made in this Order.
3. **Censure.** Bianchi agrees to the censure of his securities agent license based on the allegations made in this Order.
4. **Cease and Desist.** Bianchi agrees to cease and desist violating Iowa Code Chapters 502 and 522B and their rules based on the allegations made in this Order.

5. **Civil Penalty.** Bianchi agrees to pay a civil penalty of \$1,500 based on the allegations made in this Order.

6. **Probation.** Bianchi will serve a probationary period of three years regarding his insurance producer license based on the allegations made in this Order.

7. **Premise.** Bianchi by entering into this Order expressly neither admits to nor denies the allegations made in this Order.

V. ORDER

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

1. Bianchi is suspended for a period of twenty-one calendar days from the date of this Order.

2. Bianchi is hereby censured.

3. Bianchi shall cease and desist from future violations of Iowa Code Chapters 502 and 522B and their rules.

4. Bianchi shall pay a civil penalty of \$1,500 payable upon the signing of this Order. A check for \$1,500 shall be made payable to the Iowa Insurance Division and remitted along with the signed Consent to Order to the Iowa Insurance Division, Two Ruan Center, 601 Locust Street, 4th Floor, Des Moines, Iowa 50309-3738 with attention to Robert Koppin, Enforcement Bureau Chief.

5. Bianchi is placed on probation for a period of three years from the date of this Order.

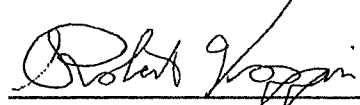
6. Nothing contained in this Order shall in any way limit the right of the Division to institute administrative or legal action against Bianchi for any other past conduct or future activity in violation of Iowa laws or regulations.

Dated this 14 day of October, 2014.



NICK GERHART
Insurance Commissioner

Iowa Insurance Division



By: Robert Koppin
Enforcement Bureau Chief

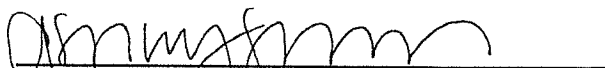
CONSENT TO ORDER

I, Rick Bianchi, 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 also understand that this Order is considered final administrative action that shall be reported by the Division to the Central Registration Depository, if securities licensed, and, if insurance licensed, to the National Association of Insurance Commissioners and to all insurance companies with which I am actively appointed. I also understand that this Order is a public record under Iowa Code chapter 22 (2013), that will be disclosed to other state regulatory authorities, upon request, pursuant to Iowa Code section 505.8(8)(d) (2013). 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 my publicly available web site record that administrative action has been taken against me.

Dated this 24th day of September, 2014.


Rick Bianchi

Subscribed and sworn before me by Rick Bianchi on this 24th day
of September, 2014.


Notary Public for the State of Iowa

