

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: TERRY L. EDLEN

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FILE NO. 0800284

NOTICE OF HEARING

TO THE RESPONDENT: Terry L. Edlen (CRD#: 4469076)
2513 Tartan Way
Springfield, Illinois 62711

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 17th day of September, 2008 at the hour of 10:00 a.m. or as soon as possible thereafter, before James L. Kopecky, Esq., or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered revoking Terry L. Edlen's (the "Respondent") registration as a salesperson and investment adviser representative in the State of Illinois and/or granting such other relief as may be authorized under the Act including but not limited to the imposition of a monetary fine in the maximum amount pursuant to Section 11.E(4) of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

1. That at all relevant times, the Respondent was registered with the Secretary of State as a salesperson and investment adviser representative in the State of Illinois pursuant to Section 8 of the Act until April 12, 2007.
2. That on April 8, 2008 FINRA entered a Letter Of Acceptance, Waiver And Consent (AWC) submitted by the Respondent regarding FILE NO. 2007008631401 which barred him from association with any member of FINRA in any capacity.
3. That the AWC found:

OVERVIEW

The Respondent traced a customer's signature on four documents in connection with the purchase of a term life insurance policy and paid the initial premium for the policy, without the customer's knowledge and consent. The Respondent's actions violated NASD Conduct Rule 2110.

FACTS AND VIOLATIVE CONDUCT

- a. During all relevant times, KB was a member of the public.
- b. On January 18, 2007, KB met the Respondent to discuss the purchase of a term life insurance policy. The Respondent suggested that KB fill out the application and go through the physical and underwriting process to determine his rating for a life insurance policy. KB signed the completed life insurance application. KB agreed to a face benefit amount of \$350,000 for the insurance policy, which was greater than the amount he desired, so that he would not have to be examined twice if he decided to increase his benefit at a later date.
- c. On February 4, 2007, KB received a physical. During the week of February 11, 2007, the Respondent reported that KB had received a preferred plus rating from his physical. KB told the Respondent that he and his wife wanted to discuss the purchase of life insurance further, and that KB would contact the Respondent when a decision was made regarding the purchase of the policy.
- d. During the week of February 25, 2007, the Respondent was informed that KB and his wife wanted to check a few things before they made a decision about purchasing the life insurance policy. KB's wife asked whether she and KB could have until March 5, 2007 to make their decision about the purchase of the insurance policy. The Respondent gave them until March 14, 2007 to decide.
- e. On or about February 28, or March 1, 2007, without the knowledge and consent of KB, the Respondent completed and traced KB's signature on four documents that were necessary to complete the purchase of the term life insurance policy for KB. The documents that the Respondent traced KB's signature on were: an electronic mail message, which stated that KB accepted the life insurance policy and consented to changing the face value of the policy from \$350,000 to \$250,000; a document entitled "Part C Agreement/Authorization to Obtain and Disclose Information," which was an application to purchase life insurance without

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consenting to medical testing; a document entitled "Combined Billing Plan Agreement and Automatic Monthly Payment Authorization," which established a combined billing plan for the life insurance policy, and a document entitled "Policy Service Request Form," which changed the face value for the life insurance policy for KB from \$350,000 to \$250,000, and was dated February 28, 2007. On March 1, 2007, the Respondent also wrote a check from his Premium Fund Trust Account for \$24.77, endorsed the check, and sent the documents with KB's forged signature and the check to Country Life Insurance Company, to purchase a term *life* insurance policy for KB, without KB's knowledge or consent. The Respondent engaged in this conduct in order to increase his production and earn additional commissions. The Respondent's conduct constituted a violation of NASD Conduct Rule 2110.

4. That Section 8.E(1)(j) of the Act provides, inter alia, that the registration of a salesperson or investment adviser representative may be revoked if the Secretary of State finds that such salesperson or investment adviser representative has been suspended by any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory organization.
5. That FINRA is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
6. That Section 8.E(3) of the Act provides, inter alia, withdrawal of an application for registration or withdrawal from registration as a salesperson or investment adviser representative, becomes effective 30, days after receipt of an application to withdraw or within such shorter period of time as the Secretary of State may determine. If no proceeding is pending or instituted and withdrawal automatically becomes effective, the Secretary of State may nevertheless institute a revocation or suspension proceeding within 2 years after withdrawal became effective and enter a revocation or suspension order as of the last date on which registration was effective.
7. That by virtue of the foregoing, the Respondent's registration as a Salesperson and investment adviser representative in the State of Illinois is subject to revocation pursuant to Sections 8.E(1)(j) and 8.E(3) of the Act.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 ILL. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this Notice. A failure

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to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

Below is a link of a copy of the Rules, promulgated under the Act and pertaining to hearings held by the Office of the Secretary of State, Securities Department, is included with this Notice. <http://www.cyberdriveillinois.com/departments/securities/lawrules.html>

Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 16th day of July 2008.


JESSE WHITE
Secretary of State
State of Illinois

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