

BEFORE THE STATE AUDITOR;
EX-OFFICIO COMMISSIONER OF SECURITIES AND INSURANCE
HELENA, MONTANA

IN THE MATTER OF:

CASE NO. C-08-31-05-052

RYAN BECK & CO.
220 South Orange Ave.
Livingston, New Jersey 07039,
A Broker-Dealer firm;

CONSENT AGREEMENT

RYAN BECK LIFE AGENCY, INC.,
650 Madison Ave. 10th Floor
New York, New York 10022
An Insurance Agency;

STEVEN GROSSMAN, individually and
in his capacity as a salesperson for Ryan
Beck & Co. and as an insurance producer
affiliate for Ryan Beck Life Agency;
RALPH FREYDBERG, individually and in
his capacity as a branch manager for Ryan
Beck & Co.; and John and Jane Does 1-5;

Respondents.

Consent Agreement dated this 14th day of March 2006, between the Montana

Securities Department and Insurance Department ("Departments"), acting pursuant to the authority of Securities Act of Montana, § 30-10-101 et seq. MCA, the Montana Insurance Code, § 33-1-101, et seq. MCA, and § 2-4-603 Montana Code Annotated; Ryan Beck & Company, a registered broker-dealer firm, and Ryan Beck Life Agency, Inc., a licensed insurance agency (the companies collectively known as "Ryan Beck").

RECITALS

WHEREAS, the Departments issued a Notice of Proposed Agency Action ("Action") on or about September 21, 2005, alleging violations of the Securities Act and Insurance Code by Ryan Beck with respect to certain alleged fraudulent securities and insurance transactions

conducted within the accounts of two customers resident in Montana that were maintained with Ryan Beck;

WHEREAS, the Departments and Ryan Beck have investigated the matter pursuant to customer complaints lodged with the Departments and Ryan Beck; and

WHEREAS, the Departments and Ryan Beck have agreed that the best interests of the public would be served by dismissing the Action with respect to Ryan Beck and entering into the agreements and undertaking specified herein.

NOW THEREFORE, in consideration of the mutual undertakings herein contained the Departments and Ryan Beck hereby agree to resolve their differences and settle this matter pursuant to the following terms and conditions:

I. SUMMARY OF ALLEGATIONS

A. The Action includes allegations that Ryan Beck, in violation of MCA Section 30-10-201(13)(k), failed to reasonably supervise one of its agents, identified in the Action as Respondent Steven Grossman ("Grossman"), with respect to alleged unethical and fraudulent actions by the agent.

B. The Action includes allegations that Ryan Beck, in violation of MCA § 30-10-321, provided substantial assistance to Grossman in effecting his fraudulent activities.

C. The Action alleges Ryan Beck acted in violation of § 33-17-1001(2), MCA, by the authorized actions of Grossman, in connection with the alleged violations by Grossman of the Insurance Code.

II. STIPULATIONS AND CONSENTS

A. Without admitting or denying any of the allegations contained within the Action, Ryan Beck stipulates and consents:

1. To pay an administrative fine of \$300,000 pursuant to M.C.A. § 30-10-305(3).
2. To accept the grant of a credit against the fine of \$150,000 based upon mitigating remedial factors considered by the Departments including, but not limited to the participation of Ryan Beck in a negotiated settlement that resulted in a payment to the Montana customers of an amount in excess of the \$1.21 million restitution amount calculated by the Department, the reimbursement to the customers by Ryan Beck of annuity surrender charges and its cooperation in the investigation.
3. To require any person who supervises salespersons registered in Montana to also be appropriately registered with the Department.
4. Amounts payable by Respondents pursuant to paragraphs II A 1 less any credit granted by the Department pursuant to II A 2 above shall be paid not later than fifteen (15) calendar days following the date of this agreement.
5. To comply with the terms and conditions of this Consent Agreement and with the securities laws and regulations of Montana and to toll the Statute of Limitation for a period of one (1) year from the date of consummation of this consent agreement with regard to the allegations relating to the failure to supervise. In the event Ryan Beck violates the terms of this consent agreement by failing to supervise as set forth above during the one year revocation period, or by failing to pay the fine set forth above within the specified period the State Auditor's Office reserves the right to seek a fine in the amount of \$15,000.

B. Pursuant to the stipulations, agreements and consents of Ryan Beck, the Departments, under the authority of the Montana Securities Act, the Montana Insurance Code and § 2-4-603, Montana Code Annotated, hereby agrees that:

1. The Department has determined and shall execute contemporaneous with the Consent Agreement such documents and take such actions as are required to dismiss the Action with prejudice with respect to Ryan Beck.

C. All parties to this Consent Agreement agree and acknowledge:

1. This Consent Agreement does not constitute a final judgment, order or decree, is a consent prior to trial or hearing pursuant to M.C.A. Section 30-10-305(2) and reflects the entire agreement between the parties, there being no other promises or agreements, either express or implied. Under authority of the Act, the Department hereby agrees that it will not initiate any civil or administrative action against Respondents regarding or related to the allegations contained in the Action. Respondents fully and forever release and discharge the Office of the State Auditor, the elected State Auditor and all State Auditor employees from any and all actions, claims, causes of action, demands, or expenses for damages or injuries that may arise from the allegations underlying this Consent Agreement, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of the Action.

2. Upon execution and acknowledgement of the consent agreement and upon Ryan Beck's payment of the \$300,000 fine to the State Auditor, less the credit granted by the Departments in paragraph II (A)(2), the State Auditor will file with the hearing

examiner a Motion and Stipulation for Dismissal of the Action, with prejudice, solely with respect to Respondent Ryan Beck & Co. and Respondent Ryan Beck Life Agency.

DATED this 13th day of March 2006.

MONTANA SECURITIES DEPARTMENT

By: 
Karen Powell
Deputy Securities Commissioner

SUBSCRIBED AND SWORN to before me this 13 day of MARCH 2006.

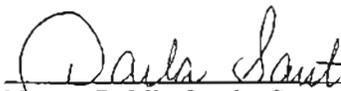

Notary Public for the State of Montana
Residing at Helena, Montana
My commission expires 4/14/2006.

DATED this 14 day of March 2006.

MONTANA INSURANCE DEPARTMENT

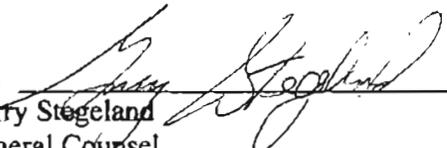
By: 
Alicia Pichette
Deputy Insurance Commissioner

SUBSCRIBED AND SWORN to before me this 14 day of MARCH 2006.


Notary Public for the State of Montana
Residing at Helena, Montana
My commission expires 4/14/06.

DATED this 10th day of March 2006.

RYAN BECK & COMPANY

By: 
Garry Stogeland
General Counsel

SUBSCRIBED AND SWORN to before me this 10TH day of
MARCH 2006.

[Signature]
Notary Public for the State of NJ
Residing at Roseland NJ
My commission expires 9-12-2007

MARIA R. BIASOTTI-LEE
NOTARY PUBLIC
COMMISSION EXPIRES - 09 / 12 / 2007

DATED this 10th day of March 2006.

RYAN BECK LIFE AGENCY, INC.

By: [Signature]

SUBSCRIBED AND SWORN to before me this 10th day of
MARCH 2006.

[Signature]
Notary Public for the State of NJ
Residing at 9 Kirkwood Place Cranford NJ 07006
My commission expires 8/19/07

CHRISTINE J. OTTERBEIN
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Aug. 19, 2007