

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE,
MONTANA STATE AUDITOR
STATE OF MONTANA**

IN THE MATTER OF:)	Case No.: SEC-2011-288
)	
RIVERSOURCE DISTRIBUTORS, INC.,)	
)	
Respondent.)	CONSENT AGREEMENT AND FINAL ORDER
)	
)	

This Consent Agreement and Final Order (Agreement) is entered into by the Office of the Commissioner of Securities and Insurance, Montana State Auditor (CSI), acting pursuant to the authority of the Securities Act of Montana, Mont. Code Ann. § 30-10-101, et seq., (Act) and RiverSource Distributors, Inc. (Respondent), a registered broker-dealer firm underwriting variable life insurance products with its principal place of business in Minneapolis, MN.

RECITALS

WHEREAS, on or about July 27, 2011, a Montana consumer (Consumer) requested a 1035 exchange of her annuity contract “exchange” with Respondent on a form obtained by Consumer on the Respondent’s website;

WHEREAS, a variable annuity is a security pursuant to the Montana Securities Act and can only be offered and sold to Montana residents through a registered broker-dealer firm;

Whereas, the variable annuity product made available to the Consumer and the servicing of the product was done by RiverSource Life Insurance Company, an affiliated company of the Respondent;

WHEREAS, on or about August 1, 2011, Respondent's affiliated company received this exchange request;

WHEREAS, on August 1, 2011, the Consumer's annuity was valued at \$79,739.38;

WHEREAS, on or about August 4, 2011, Respondent's affiliated company rejected the Consumer's initial request and sent her an alternative form to fill out containing substantially similar information to the initial form;

WHEREAS, on or about August 18, 2011, Respondent's affiliated company informed the Consumer she had improperly completed the alternative form and the Consumer was resent another alternative form to complete;

WHEREAS, on or about September 10, 2011, Respondent's affiliated company again informed the Consumer that the completed alternative form received on August 18, 2011 was improperly completed and the Consumer was resent another alternative form to complete;

WHEREAS, on our about September 27, upon receiving a completed alternative form, the 1035 exchange was completed and \$71,075.97 was transferred in kind;

WHEREAS, the CSI alleges Respondent engaged in unethical practices pursuant to § 30-10-201(13)(g), specifically by causing unreasonable and unjustifiable delays pursuant to Admin. R. Mont. 6.10.401(a); and

WHEREAS, the CSI and the Respondent agree that the best interests of the public would be served by entering into this Agreement.

NOW THEREFORE, in consideration of the mutual undertakings contained in this Agreement, the CSI and the Respondent hereby agree to settle this matter pursuant to the following terms and conditions:

STIPULATIONS AND CONSENTS

I. Without admitting or denying any of the CSI's allegations, Respondent stipulates and consents to the following:

A. Within 10 days from the date the CSI informs the Respondent of the execution of the Final Order by the Commissioner, the Respondent shall offer settlement to the Consumer consisting of restitution plus 10% interest. The restitution value is calculated by subtracting the amount transferred in kind from the contract value as of August 1, 2011, a total of \$8,663.41. Interest will be added to the restitution value and calculated on a per annum basis for the time period August 1, 2011 to the date a settlement agreement is sent to Consumer.

B. The Respondent fully and forever releases and discharges the Commissioner, the CSI, and all of the CSI's employees and agents from any and all actions, claims, causes of action, demands, or expenses for damages or injuries, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of this Agreement;

C. This Agreement is entered without adjudication of any issue, law or fact. It is entered into solely for the purpose of resolving the CSI's investigation and allegations and is not intended to be used for any other purpose. For any person or entity not a party to this Agreement, this Agreement does not limit or create any private rights or remedies against the Respondent including but not limited to, limiting or creating

liability of Respondent, or limiting or creating defenses of Respondent, to any claims;
and

D. Upon execution of this Agreement, the Respondent acknowledges and waives its right to appeal the Commissioner's Order.

II. The CSI and the Respondent to this Agreement agree and acknowledge:

A. This Agreement constitutes the entire agreement between the parties and that no other promises or agreements, either express or implied, have been made by the CSI or by any member, officer, agent or representative of the CSI to induce Respondent to enter into this Agreement;

B. This Agreement may not be modified orally and any subsequent modifications to this Agreement must be mutually agreed upon in writing to be effective;

C. This Agreement shall be incorporated into and made a part of the attached Final Order issued by the Commissioner herein;

D. Upon execution of this Agreement, the CSI will not commence an administrative action against the Respondents based upon the alleged activities giving rise to the CSI's investigation that occurred prior to the execution of this Agreement;

E. This Agreement shall be effective upon signing of the Final Order;

F. This Consent Agreement and Final Order shall not constitute a final judgment or decree as provided by Mont. Code Ann. § 30-10-305(2);

G. This Agreement and Final Order are public records under Montana law and as such may not be sealed or otherwise withheld from the public.

DATED this 10th day of ~~December~~, 2011. *January, 2012*

**THE OFFICE OF THE COMMISSIONER OF
SECURITIES AND INSURANCE,
MONTANA STATE AUDITOR**

By: 
BRETT O'NEIL
Attorney for the Department of Securities

RESPONDENT:

DATED this 5th day of ~~December~~, 2011. *January, 2012*


RIVERSOURCE DISTRIBUTORS, INC.

By: Julie A. Ruether

Its: VP - CEO

FINAL ORDER

Pursuant to the authority vested by Mont. Code Ann. § 2-4-603 and §§ 30-10-101 *et seq.*,
and upon review of the foregoing Consent Agreement and good cause appearing,

IT IS HEREBY ORDERED that the foregoing Consent Agreement between the Office of
the Commissioner of Securities and Insurance, Montana State Auditor and the Respondent,
RiverSource Distributors, Inc. is adopted as if set forth fully herein.

DATED this 10th day of January, 2012.

MONICA J. LINDEEN
Commissioner of Securities and Insurance
Montana State Auditor

By: 
LYNNE EGAN
Deputy Commissioner of Securities

Cc: Brett O'Neil
Suzanne Taylor