

BEFORE THE  
STATE OF WISCONSIN  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF SECURITIES

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In the Matter of  
RONALD M. BREIGHT

PETITION FOR ORDER

Respondent.

File No. S-05066(LX)

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The staffs of the Bureau of Licensing & Compliance and the Enforcement Unit, Bureau of Registration & Enforcement, of the Division of Securities, Department of Financial Institutions, State of Wisconsin have conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats., and as a result thereof allege as follows:

1. Ronald M. Breight (“Breight”) is an individual with a last known business address at N1425 Timm Rd Lyndon Station, WI 53944;
2. Mutual Benefits Corporation (“Mutual Benefits”) is a Florida corporation with its corporate headquarters at 2881 East Oakland Park Boulevard, Suite 200, Fort Lauderdale, Florida 33306;
3. Upon information and belief, at all times material hereto the business of Mutual Benefits was the sale of viatical settlement contracts;
4. Viatical settlement contracts are investments in fractionalized life insurance policies where the investor’s return is tied to how quickly the insured dies, the investor counts on the viatical settlement company to be able to accurately pick the day when the insured will die and the policy will “mature” in order to make the returns they are promised;
5. In its fourth quarter 1997 Securities Bulletin+, the Department wrote of its belief that viatical settlement contracts were securities and that licensed agents need to be aware of the penalties for selling these unregistered securities off the books and records of their employing broker-dealer;
6. On December 5, 2001 the Office of the Commissioner of Insurance promulgated a new rule, Ins 6.60, Wis. Adm. Code, regarding abusive sales practices of insurance agents selling unregistered securities, including viatical settlements.
7. Until October 2001, Breight was a licensed securities agent (CRD # 2303811) and at all times material hereto was an investment advisor doing business as Ronald M. Breight Financial Planning, LLC and an insurance agent licensed by the Office of the Wisconsin Commissioner of Insurance;

8. From at least 2001 to the present, Bright offered and sold Mutual Benefits viatical settlement contracts to at least 12 people in the state of Wisconsin, including some of his investment advisory clients;
9. The Mutual Benefits viatical settlement contracts are investment contract securities as defined by DFI-Sec 1.02(6)(a), Wis. Adm. Code and sec. 551.02(13), Wis. Stats.;
10. The viatical settlement contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;
11. Bright has violated sec. 551.21(1), Wis. Stats., by offering and selling unregistered securities to persons in Wisconsin;
12. Bright's employing broker-dealer did not approve in writing his offer and/or sale of the viatical settlement contracts;
13. As to those sales that occurred while Bright as licensed as a securities agent, pursuant to DFI-Sec 4.06(2), Wis. Adm. Code, effecting any securities transaction not recorded on the regular books or records of the broker-dealer which the agent represents, unless the transaction is disclosed to, and authorized in writing by, the broker-dealer prior to the execution of the transaction, is deemed a "dishonest or unethical business practice" or "taking unfair advantage of a customer" by an agent, which provides a basis, pursuant to sec. 551.34(1)(g), Wis. Stats., for the censure of a licensee;
14. As to those sales that occurred after November 2001, Bright has violated sec. 551.31(1), Wis. Stats., by acting as an unlicensed agent;
15. As to those sales to Bright's investment advisory clients, pursuant to DFI-Sec. 5.06(8), Wis. Adm. Code, placing an order for the purchase or sale of a security if the security is not registered or exempt from registration is deemed a "dishonest or unethical business practice" or "taking unfair advantage of a customer" by an agent, which provides a basis, pursuant to sec. 551.34(1)(g), Wis. Stats., for the censure of a licensee;
16. On May 4, 2004, the US District Court for the Southern District of Florida appointed a receiver to take over the affairs of Mutual Benefits. The US Securities & Exchange Commission alleged in its request for a receiver that the overwhelming majority of policies sold by Mutual Benefits never matured on or near their "due date". Indeed according to the Receiver's January 2005 report, 6,624 policies out of the 7,184 policies under its control were beyond their MBC estimated life. Indeed only 176 are known to have "matured" during all of 2004.
17. According to the MBC receiver's web site, investors will have three choices to try to mitigate their losses on this investment: 1) pay nothing, let the policy lapse and lose the entire investment, 2) take over the insurance policy and continue to pay policy premiums

until the insured dies, or 3) allow the receiver to try to sell their policy (recent sales have resulted in recovering under 15% of the face value).

THEREFORE, the staffs of the Bureaus of Registration & Compliance and Enforcement & Registration petition the Administrator for the issuance of the attached Order

DATED this 26<sup>th</sup> day of October, 2005



David A. Cohen  
Supervising Attorney  
Bureau of Registration & Enforcement