



Helping Financial Advisors Help Their Clients

## **Western Reserve Life**

**Please fax these pages toll-free to IPG:  
877-488-3361**

**Producer Appointment Application (Form AC00261)**

**Producer Agreement (Form AGO1234)**

**Direct Deposit ACH Form (LD529-1/08)**

**Copy of Current Insurance License(s)**

**Proof of E & O Coverage**

**Proof of Completion of Anti-Money Laundering Course**



**PRODUCER APPOINTMENT APPLICATION**

Western Reserve Life Assurance Co. of Ohio  
 P.O. Box 5068  
 Clearwater, FL 33758-5068  
 800-443-9975, ext. 6564  
 Fax 727-299-1864

Internal Use Only:
W/S Name: <u>Lewis M. Kelley</u>
W/S #: <u>J 1286</u>

Please print legibly in black ink (or type), complete form in its entirety, and sign.

PERSONAL DATA			
LAST: _____ FIRST: _____ MI: _____			DATE OF BIRTH
BUSINESS TELEPHONE ( ) ( ) ( )	HOME TELEPHONE ( ) ( ) ( )	FAX # ( ) ( ) ( )	
SOCIAL SECURITY NO.	BROKER-DEALER AFFILIATION	SEX <input type="checkbox"/> Male <input type="checkbox"/> Female	PROFESSIONAL DESIGNATIONS <input type="checkbox"/> CFP <input type="checkbox"/> ChFC <input type="checkbox"/> CLU <input type="checkbox"/> FLMI
INTERNET E-MAIL ADDRESS: _____ <small>(Please provide e-mail address as Licensing &amp; Compensation communicates electronically with agents whenever possible. Email messages sent in clear text over the public Internet can be observed by an unintended third party. If you wish to keep your information private, please do not send sensitive personal information or requests for sensitive personal information via e-mail for any reason. If you have inquiries regarding your personal information, you may contact us via telephone, fax or letter.)</small>			
BUSINESS ADDRESS (If mailing address is a P.O. Box, please provide street address for shipping purposes)			
STREET:		STE #:	
CITY:		STATE:	ZIP:
SHIPPING ADDRESS ( if different than Business Address)			
STREET:		STE#:	
CITY:		STATE:	ZIP:
HOME ADDRESS			
STREET:		APT #:	
CITY:		STATE:	ZIP:

FIXED BUSINESS ONLY	
If contracts governing fixed business are to be issued and commissions disbursed under a corporation, partnership, or agency please complete the following:	<input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Other <input type="checkbox"/> LLC <input type="checkbox"/> Agency/DBA
Name _____	
Tax ID # _____	Is Corporation/Partnership/Agency insurance licensed? <input type="checkbox"/> YES <input type="checkbox"/> NO If yes, where? _____

LICENSE INFORMATION
NON-RESIDENT APPOINTMENTS DESIRED: _____

FINANCIAL INFORMATION	(FAILURE TO ANSWER QUESTIONS OR DISCLOSE INFORMATION MAY RESULT IN A DELAY IN PROCESSING YOUR APPOINTMENT.)	
A. Have you personally or a firm that you exercised management control over, or owned 10% or more of the securities of, failed in business, made a compromise with creditors, filed a bankruptcy petition or been declared bankrupt? <b>(Attach copy of original filing and/or discharge.)</b> .....	YES <input type="checkbox"/>	NO <input type="checkbox"/>
B. Have you been convicted of, or pleaded guilty or nolo contendere ("no contest") to a felony or misdemeanor involving: insurance, investments or a related business, fraud, false statements or omissions, wrongful taking of property, or bribery, forgery, counterfeiting or extortion, or breach of trust? <b>(Attach complete details for "yes" answers.)</b> .....	<input type="checkbox"/>	<input type="checkbox"/>
C. Have you been convicted of, or pleaded guilty or nolo contendere ("no contest") to any other felony or misdemeanor? <b>(Attach complete details for "yes" answers.)</b> .....	<input type="checkbox"/>	<input type="checkbox"/>
D. Has any State Insurance Department, any other State or Federal Regulatory Agency, or the SEC, FINRA or any other Self Regulatory Agency ever entered an order against you relative to a violation of insurance or investment-related regulations or statutes? <b>(Attach complete details for "yes" answers.)</b> .....	<input type="checkbox"/>	<input type="checkbox"/>
E. Has any State Insurance Department or other State or Federal Regulatory Agency ever denied, suspended or revoked your license or registration? <b>(Attach complete details for "yes" answers.)</b> .....	<input type="checkbox"/>	<input type="checkbox"/>
F. Do you have any unsatisfied judgments or liens, including tax liens, against you? <b>(Attach complete details for "yes" answers, i.e. a copy of IRS repayment schedule, etc.)</b> .....	<input type="checkbox"/>	<input type="checkbox"/>
G. Has a bonding company denied, paid out on or revoked a bond for you? <b>(Attach complete details for "yes" answers.)</b> .....	<input type="checkbox"/>	<input type="checkbox"/>

### PRODUCER CONDITIONAL AGREEMENT

If Western Reserve Life Assurance Co. of Ohio (hereinafter referred to as the Company) consents to my appointment as an insurance agent, I agree to be bound by the following conditions:

1. Unless I hold a personal contract with the Company which governs fixed insurance products, the Company has no obligation to me for commissions or any form of compensation whatsoever in connection with the services performed and expenses incurred by me in the solicitation of applications for insurance products issued by the Company, it being expressly understood that I shall be compensated pursuant to a separate agreement between me and my current Broker-Dealer or Agency and I shall have no right, remedy or recourse against the Company for any compensation. Unless otherwise notified by the Company in writing, this Agreement shall remain in effect upon my transfer to another Broker-Dealer or Agency having a Selling Agreement in effect with the Company, provided my appointment with the Company has not been terminated. It is further understood that no commissions are payable on a policy which replaces, exchanges, or terminates another policy of the Company unless such replacement is accomplished in accordance with the Company rules in force at that time. The understandings in this paragraph shall not apply to the sale of any products for which I have entered into a separate agreement with the Company.
2. I shall comply with the rules and regulations of the Company as they may be established from time to time, and the laws of the states in which I am licensed and the regulations of the Department of Insurance of each such state, including, but not limited to, keeping in force all licenses and permits for the solicitation of insurance.
3. I shall not alter, modify, waive or change any of the terms, rates or conditions of any advertisements, receipts, policies or contracts of the Company in any respect. I shall not use any advertising or sales material relating directly or indirectly to the Company or the Company's products unless it is provided by the Company or approved by the Company in writing prior to use.
4. I shall not deliver any insurance policy until the initial premium for such policy has been paid and I shall personally deliver any annuity or life contract personally written by me within thirty (30) days from the postmark date such policies are mailed by the Company.
5. I shall promptly remit to the Company any and all monies received by me on behalf of the Company as payments on annuities or life insurance policies, and I have no right or authority to receive or collect monies for and on behalf of the Company at any time or for any purpose except the initial premium necessary to put the annuity or insurance policy in force.
6. The Company may, with or without cause and without liability to me whatsoever, cancel my appointment at any time, and upon termination of this Agreement I shall immediately deliver to the Company all records, sales and advertising material, stationery, business cards, computer software and other supplies connected with the Company's business.
7. I shall comply with the concepts in the Company's Code of Professional Conduct, abide by the Company's Privacy Principles and the Compliance Bulletin WRL 01-14, and hereby acknowledge that I have received copies of these items. I also acknowledge and agree to comply with the Company's anti-money laundering policies as contained in the Compliance Bulletin, as such policies may be modified from time to time. I understand that if I make telephone calls for the purposes of selling goods, services, investments, property, etc. I must obtain access to the national and any state specific Do-Not-Call registries in my own right, and must maintain my own company-specific Do-Not-Call list.

- I hereby request that the Company apply for my license and/or appointment to represent the Company as an insurance agent in my resident state and the non-resident state(s) indicated.
- I further certify that the information contained in this application is true and complete to the best of my knowledge and belief.
- I have received the "Investigative Consumer Report Disclosure" and "A Summary of Your Rights Under the Fair Credit Reporting Act".
- **If I have been notified by the IRS that I have previously given an incorrect taxpayer identification number, my signature below constitutes my certification under penalties of perjury to the following: (1) the taxpayer identification number on this form is my correct taxpayer identification number; and (2) I am not subject to backup withholding; and (3) I am a U.S. person (including a U.S. resident alien).**

**I acknowledge that the IRS does not require my consent to any provision of this form other than the certification required to avoid backup withholding.**

**AUTHORIZATION FOR RELEASE OF INFORMATION**

To Whom it May Concern:

I hereby authorize any employer, insurance company, managing agent, educational institution, financial institution, consumer reporting agency, criminal justice agency, insurance department or individual having any information relating to my activities to release such information to the Company, or any affiliated company, or any consumer reporting agency acting for and on behalf of the Company or for and on behalf of any other affiliated company. This information may include, but is not limited to, employment and job performance history, academic records, credit records, disciplinary, arrest and conviction records, and personal history, including information as to character, general reputation and mode of living.

I agree that a photographic, electronic, or computer imaged copy of the authorization shall be valid as the original and is valid and acceptable for the duration of my appointment with the Company.

<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> (Signature – Full Name)	<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> (Date)
<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> (Print Name)	<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> (Social Security Number)



**WESTERN RESERVE LIFE ASSURANCE CO. OF OHIO**  
**Administrative offices: P.O. Box 5068, Clearwater, FL 33758-5068**

### **INVESTIGATIVE CONSUMER REPORT DISCLOSURE**

Federal law requires you be advised that in connection with your application for appointment with Western Reserve Life Assurance Co. of Ohio ("WRL") for the purpose of selling its products, a consumer report and/or investigative consumer report may be prepared, whereby information is obtained through credit reporting agencies, previous employers, and regulatory, state and local law enforcement databases and others. Such information is used along with other criteria to help evaluate suitability for representing WRL's products.

You have a right to request disclosure of the nature and scope of the investigation upon written request to our Administrative Office made within a reasonable time after the receipt of this notice. A Summary of Your Rights under the Fair Credit Reporting Act is attached hereto.

*Para informacion en espanol, visite [www.ftc.gov/credit](http://www.ftc.gov/credit) o escribe a la FTC Consumer Response Center, Room 130-A 600 Pennsylvania Ave. N.W., Washington, D.C. 20580.*

### **A Summary of Your Rights Under the Fair Credit Reporting Act**

The federal Fair Credit Reporting Act (FCRA) promotes the accuracy, fairness, and privacy of information in the files of consumer reporting agencies. There are many types of consumer reporting agencies, including credit bureaus and specialty agencies (such as agencies that sell information about check writing histories, medical records, and rental history records). Here is a summary of your major rights under the FCRA. **For more information, including information about additional rights, go to [www.ftc.gov/credit](http://www.ftc.gov/credit) or write to: Consumer Response Center, Room 130-A, Federal Trade Commission, 600 Pennsylvania Ave. N.W., Washington, D.C. 20580.**

- **You must be told if information in your file has been used against you.** Anyone who uses a credit report or another type of consumer report to deny your application for credit, insurance, or employment – or to take another adverse action against you – must tell you, and must give you the name, address, and phone number of the agency that provided the information.
- **You have the right to know what is in your file.** You may request and obtain all the information about you in the files of a consumer reporting agency (your “file disclosure”). You will be required to provide proper identification, which may include your Social Security number. In many cases, the disclosure will be free. You are entitled to a free file disclosure if:
  - a person has taken adverse action against you because of information in your credit report;
  - you are the victim of identify theft and place a fraud alert in your file;
  - your file contains inaccurate information as a result of fraud;
  - you are on public assistance;
  - you are unemployed but expect to apply for employment within 60 days.In addition, by September 2005 all consumers will be entitled to one free disclosure every 12 months upon request from each nationwide credit bureau and from nationwide specialty consumer reporting agencies. See [www.ftc.gov/credit](http://www.ftc.gov/credit) for additional information.
- **You have the right to ask for a credit score.** Credit scores are numerical summaries of your credit-worthiness based on information from credit bureaus. You may request a credit score from consumer reporting agencies that create scores or distribute scores used in residential real property loans, but you will have to pay for it. In some mortgage transactions, you will receive credit score information for free from the mortgage lender.
- **You have the right to dispute incomplete or inaccurate information.** If you identify information in your file that is incomplete or inaccurate, and report it to the consumer reporting agency, the agency must investigate unless your dispute is frivolous. See [www.ftc.gov/credit](http://www.ftc.gov/credit) for an explanation of dispute procedures.
- **Consumer reporting agencies must correct or delete inaccurate, incomplete, or unverifiable information.** Inaccurate, incomplete or unverifiable information must be removed or corrected, usually within 30 days. However, a consumer reporting agency may continue to report information it has verified as accurate.

- **Consumer reporting agencies may not report outdated negative information.** In most cases, a consumer reporting agency may not report negative information that is more than seven years old, or bankruptcies that are more than 10 years old.
- **Access to your file is limited.** A consumer reporting agency may provide information about you only to people with a valid need -- usually to consider an application with a creditor, insurer, employer, landlord, or other business. The FCRA specifies those with a valid need for access.
- **You must give your consent for reports to be provided to employers.** A consumer reporting agency may not give out information about you to your employer, or a potential employer, without your written consent given to the employer. Written consent generally is not required in the trucking industry. For more information, go to [www.ftc.gov/credit](http://www.ftc.gov/credit).
- **You may limit "prescreened" offers of credit and insurance you get based on information in your credit report.** Unsolicited "prescreened" offers for credit and insurance must include a toll-free phone number you can call if you choose to remove your name and address from the lists these offers are based on. You may opt-out with the nationwide credit bureaus at 1-888-5-OPTOUT (1-888-567-8688).
- **You may seek damages from violators.** If a consumer reporting agency, or, in some cases, a user of consumer reports or a furnisher of information to a consumer reporting agency violates the FCRA, you may be able to sue in state or federal court.
- **Identity theft victims and active duty military personnel have additional rights.** For more information, visit [www.ftc.gov/credit](http://www.ftc.gov/credit).

**States may enforce the FCRA, and many states have their own consumer reporting laws. In some cases, you may have more rights under state law. For more information, contact your state or local consumer protection agency or your state Attorney General. Federal enforcers are:**

<b>TYPE OF BUSINESS:</b>	<b>CONTACT:</b>
Consumer reporting agencies, creditors and others not listed below	Federal Trade Commission: Consumer Response Center - FCRA Washington, DC 20580 1-877-382-4357
National banks, federal branches/agencies of foreign banks (word "National" or initials "N.A." appear in or after bank's name)	Office of the Comptroller of the Currency Compliance Management, Mail Stop 6-6 Washington, DC 20219 800-613-6743
Federal Reserve System member banks (except national banks, and federal branches/agencies of foreign banks)	Federal Reserve Board Division of Consumer & Community Affairs Washington, DC 20551 202-452-3693
Savings associations and federally chartered savings banks (word "Federal" or initials "F.S.B." appear in federal institution's name)	Office of Thrift Supervision Consumer Complaints Washington, DC 20552 800-842-6929
Federal credit unions (words "Federal Credit Union" appear in institution's name)	National Credit Union Administration 1775 Duke Street Alexandria, VA 22314 703-519-4600
State-chartered banks that are not members of the Federal Reserve System	Federal Deposit Insurance Corporation Consumer Response Center, 2345 Grand Avenue, Suite 100 Kansas City, Missouri 64108-2638 1-877-275-3342
Air, surface, or rail common carriers regulated by former Civil Aeronautics Board or Interstate Commerce Commission	Department of Transportation, Office of Financial Management Washington, DC 20590 202-366-1306
Activities subject to the Packers and Stockyards Act, 1921	Department of Agriculture Office of Deputy Administrator - GIPSA Washington, DC 20250 202-720-7051

**CODE OF PROFESSIONAL CONDUCT  
FOR PRODUCERS AND EMPLOYEES  
OF  
The U.S. life insurance companies of the AEGON companies  
(the “Company”)**

**Revised January 1, 2008**

*As a Company, we are committed to treating our customers fairly and ethically. That is why we have adopted this Code for our producers and employees. Our producers (the individuals and firms authorized to sell our insurance products) have a responsibility to treat our customers fairly and ethically. Our employees—who support our producers and serve our mutual customers—share that responsibility and trust. The Company applies the following Principles to its insurance markets and lines of insurance business.*

**PRINCIPLES**

**The Company commits itself, in all of its insurance markets and business, to:**

- Conduct business according to high standards of honesty and fairness and to treat our customers as we would expect to be treated.
- Provide competent and customer-focused sales and service.
- Compete fairly.
- Provide advertising and sales material that is clear, honest and fair.
- Handle customer complaints and disputes fairly and promptly.
- Maintain a system of supervision and monitoring reasonably designed to demonstrate the Company’s commitment to and compliance with these principles.

*In addition, the Company has adopted the following Policies specific to the Company's individually-sold life insurance, annuity and long-term-care insurance (referred to as "Insurance Products").*

## **POLICIES**

**It is the policy of the Company, in the sale of Insurance Products, to:**

- **Meet the needs of its customers.**
  - The Company will enter into life insurance transactions which assist customers in meeting their insurable needs and objectives.
  - The Company will have procedures designed to reasonably assure that recommendations made by producers (or by the Company if no producer is involved in the sale) to purchase individually sold annuities or long-term care are suitable based upon relevant information obtained from customers.
  - The Company will maintain a process to comply with laws and regulations that are related to this Code in the marketing and sale of Insurance Products.
  - The Company, in cooperation with consumers, regulators, producers and others, will proactively seek to improve the life insurance industry's practices for marketing and sales of Insurance Products.
  - The Company has adopted and will support the concepts in this Code of Professional Conduct.
  - The Company will take corrective action upon identifying any violations of this Code.
- **Use qualified and trained distributors and employees.**
  - The Company will have appropriate criteria or guidelines for selecting producers and appropriate employees of good character and business repute who have appropriate qualifications.
  - The Company will ensure that producers are licensed, appointed (where necessary), and meet other applicable state requirements required to solicit the Company's Insurance Products.
  - Training will be provided or made available to producers and appropriate employees, on how to comply with laws and regulations, with Company procedures, and with this Code, in the marketing and sale of Insurance Products, as appropriate to the distribution system.
  - Information will be provided or made available to producers and appropriate employees about the Company's applicable Insurance Product(s) and the features and operation of the product(s). The information may be provided or made available through various methods, including: sales, marketing, or other descriptive product materials; manuals; training or training materials; software; Web sites or system-based information; or other appropriate means.
  - The Company will encourage producers and appropriate employees to participate in continuing education designed to provide current knowledge regarding products, industry issues and emerging trends.

## POLICIES (con't)

- **Compete fairly.**
  - The Company will engage in fair and active competition in the marketing and sales of its Insurance Products. To accomplish this, the Company, and, where appropriate, its producers and its employees involved in the sales process, will:
    - a) Maintain compliance with the applicable state and federal laws fostering fair competition; and
    - b) Refrain from disparaging competitors.
  - Where the sale of an Insurance Product involves a replacement, the Company and, where appropriate, its producers will:
    - a) Provide consumers with information they need to ascertain whether a replacement is appropriate—including reasons why replacement might not be appropriate; and
    - b) Have procedures to review replacement activity which include a system for tracking, identifying and addressing deviations from the Company's replacement policies and procedures.
- **Sell fairly and use clear and accurate sales materials.**
  - Advertising and sales material that is designed to lead to sales or solicitation of the Company's Insurance Products should be presented in a manner consistent with the needs of the customer. Such advertising and sales material will be based upon the principles of fair dealing and good faith and will have a sound basis in fact.
  - Such materials that are presented as part of a sale are clear and understandable in light of the complexity of the product being sold.
  - Such materials are not permitted to be used in the sale of the Company's Insurance Products unless and until they are reviewed and approved by the Company for compliance with this Code and with applicable laws and regulations related to advertising, unfair trade practices, sales illustrations and other similar provisions.
  - The Company will maintain procedures designed to reasonably assure that sales illustrations or other representations of premiums and considerations, costs, values and benefits are accurate, fair, and complete and contain appropriate disclosures. Where appropriate, guaranteed and non-guaranteed elements will be clearly identified, distinguished and explained.

## POLICIES (con't)

- **Appropriately handle and monitor complaints.**
  - The Company will identify, evaluate and handle customer complaints in compliance with applicable laws and regulations.
  - The Company will provide an easily accessible way for customers to communicate complaints.
  - The Company will maintain policies and procedures designed to reasonably assure that customer complaint information gathered is analyzed and efforts are made to eliminate their root causes.
  - The Company has policies and procedures to reasonably assure that it makes good faith efforts to resolve complaints and disputes.
  
- **Supervise and monitor.**
  - The Company's management has established and will enforce policies and procedures reasonably designed to demonstrate the Company's commitment to and compliance with this Code.
  - The Company's system of supervision over the sales and marketing activities of its producers and appropriate employees relating to its Insurance Products is designed to reasonably assure compliance with this Code. In appropriate distribution systems of independent producers, the Company may agree that a producer's firm or other independent intermediary will perform supervisory responsibilities as specified in a written agreement with the firm or intermediary.
  - The Company will train appropriate employees on this Code, relevant Company compliance policies and procedures, and applicable laws and regulations.
  - The Company will monitor the sales and marketing practices of its producers and appropriate employees to ensure compliance with this Code and applicable laws and regulations.

**PRIVACY PRINCIPLES  
FOR  
WESTERN RESERVE LIFE ASSURANCE CO. OF OHIO**

In the conduct of our business, it is necessary to obtain and use information regarding individuals with whom we do business. To protect the individual from misuse of personal information, we must continually weigh carefully our need for such information against the individual's right to privacy. The following Principles govern the collection, custody, use and dissemination of personal information concerning those with whom we do business, specifically those to whom we provide insurance coverage and other services, and our own agents and employees.

1. Observe and obey applicable laws and regulations regarding the collection, custody, use and dissemination of personal information including (but not limited to) the Gramm-Leach-Bliley Act ("GLBA"), Securities & Exchange Commission (SEC) Regulation S-P, the rules and regulations thereunder, and relevant state laws and regulations adopted or enacted pursuant thereto (e.g., NAIC Model Laws).
2. Western Reserve Life Assurance Co. of Ohio (WRL) shall, at the start of each customer relationship and at least once annually thereafter, inform customers in writing of WRL's privacy policies, including its policies for collecting, protecting, and sharing personal financial information. WRL and its officers, employees, general agents, agents, brokers, independent producers, third-part administrators, service providers and representatives (including Registered Representatives and Investment Advisor Representatives) shall faithfully follow and adhere to the privacy policies as disclosed to customers.
3. All general agents, agents, brokers, independent producers, representatives and other unaffiliated third-parties acting on our behalf agree that if WRL discloses any nonpublic personal information of any individual, the confidentiality of such information shall be maintained and is prohibited from being used other than to carry out the purpose for which such information was disclosed (such as to market our products or joint products or provide the products and services the individual contracted us to provide.)
4. Make every reasonable effort to ensure that information collected, maintained and acted upon is accurate, relevant, timely and complete.
5. Upon their request, inform individuals what general uses are made of their personal information.
6. Upon their request, inform individuals of the information acted upon in making determinations adverse to them, to the extent permitted by legal or medical prohibitions.
7. Provide an opportunity for an individual to correct or clarify personal information contained in our file regarding that individual.

8. Restrict access to any personal record to those who have a proper authorization or legitimate business, regulatory or legal reason.
9. Willful violation of these Principles by an officer, employee, general agent, agent, broker, independent producer, third-party administrator, service provider and representative will be cause for disciplinary action which could include termination.
10. We expect all officers, employees, general agents, agents, brokers, independent producers, third-party administrators, service providers and representatives and other persons acting in our behalf, to conform to these Principles as to the confidentiality of personal information held by such individuals or by WRL.

Authority: Corporate Privacy Principles (TOL-4 Ed. 9-81), Ed. 1-14-85, Ed. 07-01-01



## **INSURANCE COMPLIANCE BULLETIN**

### **ANTI-FRAUD OPERATIONS - MONEY LAUNDERING ACTIVITY**

Money laundering, the illicit conversion of criminal proceeds into seemingly legitimate funds, has become a hot topic in the insurance and securities industries. As banks have adopted procedures that make it more difficult to move illegally derived funds through the banking system, money launderers are increasingly using non-bank financial institutions to launder funds. Proceeds from illicit ventures may be placed in legitimate financial vehicles, such as single premium life policies or annuities, and mutual funds.

The Securities and Exchange Commission, along with the National Association of Securities Dealers and the New York Stock Exchange are now focusing on non-bank financial institutions and have begun examining firms for compliance with anti-money laundering policies and procedures in their efforts to drive down money laundering activities.

Broker-dealers are under particular scrutiny, and their anti-money laundering compliance programs and use of appropriate internal controls are subject to SEC examinations. The SEC expects broker-dealers to have the following provisions in their programs:

1. Written policies and procedures;
2. A Compliance Officer or committee to oversee the program's policies;
3. Management support;
4. Employee training;
5. Inclusion of the money laundering function in all aspects of the firm's business;
6. Auditing of the anti-money laundering program by an internal audit program or suitable third party.

Insurance firms have also become increasingly attractive to money laundering schemes because, historically, they have had fewer regulatory restrictions placed upon them than those applied to other financial institutions. However, variable products do fall under securities restrictions and insurers are now subject to anti-money laundering laws.

Proper monitoring of potential money laundering activities include using guidelines in identifying suspicious customer activity and defining specific measures that need to be taken when suspicious activities are detected. **Please note that all agents are responsible for knowing their customers and need to be aware of RED FLAGS indicating possible money laundering activities involving clients.**

#### **RED FLAGS**

- Ⓜ Money obtained by cashing in a recently purchased policy in the form of partial withdrawals, free look, loans or through falsified claims;
- Ⓜ Transactions which appear to be uncharacteristic with the client's usual personal or business needs and objectives;
- Ⓜ Transactions which are not conducive with standard market activities;
- Ⓜ Payments made in cash, bearer form or involving third parties, especially in small amounts adding up to \$10,000 or more;
- Ⓜ Transactions where the intermediaries identity is undisclosed or their involvement is indeterminate;
- Ⓜ Clients who buy a large single premium policy to be paid from a foreign financial institution;
- Ⓜ Policies where the owners or beneficiaries are foreign, the clients do not want to disclose the identity of the ultimate beneficiary and/or are reluctant to reveal usual application information;
- Ⓜ Policies where premiums are paid by wired funds and then promptly requested to be remitted to third party via check or wire;
- Ⓜ Clients who direct proceeds to a third party outside the U.S. and/or whose business operates in countries notorious as havens for illicit activities;

- Ⓜ Clients whose business history is elusive, inconsistent or nonexistent;
- Ⓜ Patterns where policy loans are taken out and repeatedly paid back within a short span of time.
- Ⓜ Purchases with large numbers of traveler's checks, cashier's checks, or money orders;
- Ⓜ Frequent, large redemptions, with the proceeds being sent to an account located in a bank secrecy or money laundering jurisdiction;
- Ⓜ Unexplained, or sudden extensive wire activity, especially in accounts that had little or no previous activity;
- Ⓜ Large, or frequent wire transfers into customer accounts, immediately withdrawn by check or debit card;
- Ⓜ A high level of account activity with very low levels of securities transactions.

The Money Laundering Control Act of 1986 makes laundering money a crime. Under the federal regulation, it is a crime for any person, including an individual or company, to engage knowingly in financial transactions or in the international transportation or transmission of funds, with the proceeds from any of a long list of crimes or specified unlawful activities. Thirty-seven states have also enacted their own money laundering laws.

The Bank Secrecy Act (BSA) prohibits the "structuring" of transactions to avoid the impact of the BSA's reporting thresholds. "Willful blindness" qualifies as "actual knowledge" under the federal statutes, making awareness of "red flags" essential. Under the BSA, securities firms are subject to significant anti-money laundering reporting, record keeping and record retention requirements. Broker-dealers are responsible for:

- Filing Currency Transaction Reports (CTRs) for cash transactions above \$10,000;
- Reporting the transportation of currency or monetary instruments into and out of the US; and
- Reporting foreign financial accounts.

**With money laundering compliance now in the spotlight and additional regulations on the horizon, bear in mind that it is especially important to know your customer!** Keep complete documentation of insurance transactions and the identities of the policyholder and/or purchaser of the policy. For individual policy owners, be sure to have on file the full names, addresses, date of birth, nationality and social security number of the client. For business corporations, be sure to record the full names of the corporate entities, the addresses, and the taxpayer identification numbers of the company.

If you suspect money-laundering activity, make additional inquiries regarding the underlying purpose of the insurance transaction. Refer any suspicious activity to the Market Conduct Compliance Department to further investigate these transactions, and, if appropriate, refer them to law enforcement agencies.

If you have any questions please call the Market Conduct/IMSA Unit at 1-800-443-9975, and ask for Laurie Prindle at extension 3388 or Janet Smithson at extension 3314.

**PLEASE DISCUSS THE CONTENTS OF THIS BULLETIN AT YOUR NEXT COMPLIANCE MEETING. A COPY SHOULD BE MAINTAINED IN YOUR OFFICE WITH ALL OTHER COMPLIANCE BULLETINS AND MEMORANDUMS.**



**AUTHORIZATION AGREEMENT FOR DIRECT DEPOSITS  
(ACH CREDITS)**

Company Name: Western Reserve Life Assurance Co. of Ohio	
I hereby authorize Western Reserve Life ("WRL") to initiate credit entries to my CHECKING account indicated below at the financial institution ("DEPOSITORY") named below.	
DEPOSITORY NAME:	BRANCH:
CITY:	STATE & ZIP:
ROUTING NO.:	ACCOUNT NO.:
<p>This authorization is to remain in full force and effect until WRL has received written notification from me of its termination in such time and in such manner as to afford WRL and DEPOSITORY a reasonable opportunity to act on it. All below fields should be completed and N/A should be used for fields that do not apply.</p> <p>Commissions can be paid to either a business entity or to an individual. To have commissions paid to a business, include the business name and Tax Identification number (TIN). To have commissions paid to an individual, please include your Social Security number (SSN). The information provided below is subject to review and is based upon the WRL contract in place.</p>	
BUSINESS ENTITY/ INDIVIDUAL NAME:	TIN/SSN:
ADDRESS:	AGENT/BROKER #:
CITY:	STATE & ZIP:
PHONE:	FAX:
EMAIL:	
DATE:	SIGNATURE:

**PLEASE FOLLOW THESE STEPS:**

- Complete the authorization form above
- Attach a voided check (other than a starter check) from your individual or business checking account
- Return BOTH the authorization form and your voided check to:

Western Reserve Life  
Attn: WRL Compensation MB 335W  
PO Box 5068  
Clearwater, FL 33758-5068

**OR** FAX to 727-299-1765  
Attn: WRL Compensation

- **Keep a copy of this form for your records**