

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF:)	
MICHAEL MACIS)	Case No. 1100449
(CRD #2633223))	
)	
)	

CONSENT ORDER

**TO RESPONDENT: MICHAEL A. MACIS
 11540 JENY GLEN DR.
 MOKENA, IL 60448**

WHEREAS, on November 21, 2011 a Temporary Order of Prohibition was entered against Respondent Michael Macis ("Respondent") and, upon Respondent's request, on March 6, 2012 a Notice of Hearing in this matter was filed by the Illinois Securities Department (the "Department");

WHEREAS, Respondent agreed to continue and extend the effect of the Temporary Order of Prohibition and Suspension until this matter was resolved, namely, that Respondent's registrations in the State of Illinois to offer and sell securities and to offer investment advice be suspended and he be prohibited from doing such securities activities;

WHEREAS, Respondent desires to resolve this matter without the expense and uncertainty of prolonged litigation;

WHEREAS, on or about July 10, 2012, Respondent signed and entered a Stipulation to Enter Consent Order which is incorporated by reference herein;

WHEREAS, Respondent has admitted to the jurisdiction of the Secretary of State in this matter and has consented to the entry of this Consent Order ("Consent Order");

WHEREAS, in consideration of resolving this matter with the Illinois Securities Department, Respondent has, in a addition to his required ethics continuing education requirement for the year 2012 has taken an additional ten (10) hours of continuing education course involving ethics in his insurance business and will pay for certain costs and expenses of the Department's investigation into this matter;

WHEREAS, Respondent has, by agreement, had his registrations with the State to offer and sell securities and provide investment advice suspended since November 21, 2011, a period of two hundred and thirty-three days (233), and has agreed to the above-described activities, the Department agrees to enter this Consent Order;

WHEREAS, Respondent acknowledges, without admitting or denying the truth thereof, that the following allegations shall be adopted as the Secretary of State's Findings of Fact:

1. Michael Macis was, until July of 2011, an investment advisor representative for NY Life Securities LLC. ("NY Life") and Eagle Strategies, LLC. Macis is also a resident of Illinois and registered with the Illinois Secretary of State as an Investment Advisor Representative with a last known address of 11540 Jeny Glen Drive in Mokena, Illinois.
2. Macis was also an insurance agent affiliated with NY Life Insurance Company.
3. On or about July 11, 2011, Macis' terminated his relationship with NY Life and Eagle Strategies.
4. Customer, a 79 year old resident of Illinois at the relevant time, contacted Macis for investment advice and certain insurance recommendations.
5. In particular, Customer sought insurance policies for the purpose of taking care of her aunt's nursing home expenses and for the benefit of Customer's daughters.
6. Macis recommended three universal life insurance policies and five fixed annuities to provide the coverage Customer sought.
7. Customer was concerned about being able to make premium payments on any life insurance policies. Macis initially informed Customer that he could get lower premium payments if the size of the benefit was reduced, but Customer did not want lower benefits.
8. To finance the purchase of the life insurance policies, as well as five fixed annuities, Macis assisted Customer in placing Customer's securities, mostly Dean Witter, Discover Co. and Allstate stock, 10,526 units of Customer's Target Focus Trust (4 Aug 07 Term), and a Transamerica Oneflex annuity, in book-entry form so Customer could liquidate the securities and place them in a bank account.
9. The first life insurance policy Macis offered to Customer, in April of 2009, provided \$125,000.00 in coverage. The policy was for the benefit of Customer's daughters. Customer, initially, made the almost \$600.00 per month payments to fund this policy.

10. The second life insurance policy was offered in December 2009 and was set as a \$500,000.00 buy-sell agreement for the benefit of Customer's business and required payments of approximately \$2,200.00 per month to fund.
11. Finally, Macis assisted the Customer with converting a previously purchased life insurance policy (sold by another agent) with converting it from a term to a universal life policy. Macis also corrected the owner and beneficiary designations, which previously – and incorrectly – named the Customer as the owner and an employee of Customer's business as the beneficiary.
12. All three of the Customer's policies were universal life policies, in which the premium payments above the cost of insurance are credited to the cash value of the policy, which is then credited each month with interest, pegged to a specified interest rate. The policies are debited each month by a cost of insurance (COI) charge, as well as any other policy charges and fees which are drawn from the premium payment. If a customer changes the policy plan, for example, increasing the benefit, there is a risk of underfunding of the policy or allowing it to lapse if the premium payments are not increased to cover the COI and fees.
13. To prevent underfunding each universal life policy typically has a No Lapse Guarantee Rider (CBPR rider in Illinois), that requires the policy owner to pay in excess, sometimes almost double, the amount needed to cover the COI and any charges and fees. The additional cash value of the policy is credited with interest and, if applicable, the owner may withdraw the cash value or borrow against the policy.
14. Macis, to reduce Customer's premium payments, made the CBPRs on the first and second policies inactive; reducing the minimum monthly premium on the first policy to approximately \$150.00 and on the second policy to approximately \$1,300.00. Customer did not discover that the CBPR was made inactive until February 2011 when Customer received a mailing from NY Life informing Customer that the policies were underfunded and subjected to potential lapse.

WHEREAS Respondent Michael Macis acknowledges, without admitting or denying the truth thereof, that the following shall be adopted as the Secretary of State's Conclusions of Law: Allowing the Universal Life policies' CPBR riders to become inactive to reduce Customer's premium payments, which subjected those policies to minimal underfunding and potential lapse, constitutes a violation of Section 8.E.(1)(b) of the Act as an unethical business practice.


WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that this matter may be DISMISSED without further proceedings and that this Consent Order constitutes a final resolution of any administrative action based upon the allegations put forth in the Notice of Hearing as well as the above Findings of Fact, subject to Section 12.D of the Act.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. Respondent Michael Macis shall pay, within thirty (30) days of the entry of this Order, the sum of Five Hundred Dollars (\$500.00) for the cost of the Department's investigation of this matter, payable by certified or cashier's check to the Illinois Secretary of State Audit and Enforcement fund;
2. The formal hearing, as it pertains to Respondent Michael Macis, identified as Illinois Securities Department Case Number 1100449 is hereby DISMISSED without further proceedings and the Temporary Order issued on November 21, 2012 is lifted and void.

ENTERED: This 11th day of July, 2012.

Attorney for the Department:
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JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the ACT. Any person or entity that fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony for each offense.

This is a final order subject to administrative review pursuant to the Administrative Review Law (735 ILCS 5/3-101 *et seq.*) and the Rules and Regulations of the Act (14 Ill. Admin. Code, Ch. 1 Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.