

5. Investor (hereinafter "Investor") at all relevant times, was an Illinois resident.
6. Investor was a client of Respondent's while Pruco employed Respondent.
7. On or about November 6, 2001, Respondent approached Investor at her home and recommended that Investor purchase and Investor did purchase, an Allianz equity indexed annuity (hereinafter Annuity #1) in the amount of \$100,000.
8. Respondent made the representation to Investor that Annuity #1 was being sold through Pruco.
9. Annuity #1 was not in fact a product that was sold through Pruco.
10. Respondent did not sell Annuity #1 on the books and records of Pruco.
11. On or about November 6, 2002, Respondent approached Investor at her home and recommended that Investor purchase and Investor did purchase, an Allianz equity indexed annuity (hereinafter Annuity #2) in the amount of \$26,453.71.
12. Respondent made the representation to Investor that Annuity #2 was being sold through Pruco.
13. Annuity #2 was not in fact a product that was sold through Pruco.
14. Respondent did not sell Annuity #2 on the books and records of Pruco.
15. Section 12.G of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, ("the Act") provides, *inter alia*, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.
16. By virtue of the foregoing, Respondents violated 12.G of the Act.
17. That since November of 2001, Respondent has been selling equity-indexed annuities issued by Allianz.
18. That Respondent has received a commission for each and every one of his sales of equity indexed annuities issued by Allianz.
19. Pursuant to Section 8.C of the Illinois Securities Law of 1953 as amended (815 ILCS 5/1 *et seq.* the "Act"), a dealer wishing to register a salesperson in

the State of Illinois shall file an application with the Secretary of State which the salesperson is required to provide to the dealer, executed verified or authenticated by the salesperson setting forth information provided in Section 8.C of the Act.

20. Pursuant to Section 130.810 of the Rules and Regulations Under The Illinois Securities Law, an application, properly filed with the Secretary of State pursuant to Section 8.C, includes filing a U-4 form with the NASD utilizing the CRD System.
21. Pursuant to Section 8.C of the Act the U-4 form must be amended whenever a change occurs that renders inaccurate any information contained in the initial application.
22. The relevant portion of the U-4 form states the following:
 - a. Are you currently engaged in any other business either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise? If YES, please provide the following details: the name of the other business, whether the business is *investment-related*, the address of the other business, the nature of the other business, your position, title, or relationship with the other business, the start date of your relationship, the approximate number of hours/month you devote to the other business, the number of hours you devote to the other business during securities trading hours, and briefly describe your duties relating to the other business.
23. Respondent's U-4 form since November of 2001 never disclosed any of his outside business activities dealing with the sales of Allianz equity indexed annuities, including the outside business activities detailed in paragraphs 1-14.
24. Section 12.E of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to make, or cause to be made, (1) in any application, report or document filed under this Act or any rule or regulation made by the Secretary of State pursuant to this Act, any statement which was false or misleading with respect to any material fact.
25. By virtue of the foregoing, Respondent violated Section 12.E of the Act.

WHEREAS, by means of the Stipulation, Respondent has acknowledged that he is prohibited from offering and selling securities in the State of Illinois for a period of seven days from the date of the entry of the Consent Order.

WHEREAS, by means of the Stipulation, Respondent Acknowledges that he is prohibited from acting as an investment adviser and investment adviser representative in the State of Illinois for a period of seven days from the date of the entry of the Consent Order.

WHEREAS, Respondent Acknowledges that he will not supervise any branch office activities for a period of five years from the date of the entry of the Consent Order

WHEREAS, Respondent Acknowledges that he will pay a fine to the Illinois Securities Department's Investor Education Fund in the amount of \$10,000 on the day of the entry of the Consent Order.

WHEREAS, Respondent acknowledges that he will pay Catherine Meyer 6% of the purchase price of each Allianz equity indexed annuity that she purchased from Respondent, on the day of the entry of the Consent Order.

WHEREAS, the Respondent agrees that this Consent Order shall be deemed a public document.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE, IT SHALL BE AND IS HEREBY ORDERED THAT:

1. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.
2. Franco Hernandez is prohibited from offering and selling securities in the State of Illinois for a period of seven days from the date of the entry of the Consent Order.
3. Franco Hernandez is prohibited from acting as an investment adviser and investment adviser representative in the State of Illinois for a period of seven days from the date of the entry of the Consent Order.
4. Franco Hernandez will pay a fine to the Illinois Securities Department's Investor Education Fund in the amount of \$10,000 on the day of the entry of the Consent Order.
5. Franco Hernandez will pay Catherine Meyer 6% of the purchase price of each Allianz equity indexed annuity that she purchased from Respondent, on the day of the entry of the Consent Order.

ENTERED: This 29th of May 2008.



Jesse White
Secretary of State
State of Illinois