STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: METLIFE SECURITIES, INC.	) File No. 0500451

NOTICE OF HEARING

TO THE RESPONDENT: MetLife Securities, Inc.
CRD Number 14251

C/o Ms. Sheila Murphy
Associate General Counsel
MetLife
27-01 Queens Plaza North
Long Island City, NY 11101

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953, [815 ILCS 5/1 et seq.] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 300 W. Jefferson St., Suite 300A, Springfield, Illinois 62702, on the 16th day of July, 2008 at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before Jon K. Ellis, or such other duly designated Hearing Officer of the Secretary of State. A copy of the Rules under the Act pertaining to contested cases is attached to this Notice.

Said hearing will be held to determine whether an Order of Prohibition and Revocation should be entered against MetLife Securities, Inc. (the "Respondent") in the State of Illinois and granting such other relief as may be authorized under the Act including but not limited to imposition of a monetary fine in the maximum amount pursuant to Section 11 of the Act, payable within ten (10) days of the entry of the Order.

The grounds for such proposed action are as follows:

1. MetLife Securities, Inc. has been a subsidiary of MetLife, Inc. since April 2000 and is currently registered with the Illinois Securities Department as a Dealer and has been so registered since March 14, 1984. MetLife Securities, Inc. is also a Federally Covered Investment Adviser and has made notification filings as a Federally Covered Investment Adviser.

2. MetLife, Inc. is a Financial Services Holding Company formed in 1998 during the demutualization of the Metropolitan Life Insurance Company. MetLife, Inc. is the parent corporation of MetLife Securities, Inc. and other companies doing business in the Insurance, Securities Brokerage, Investment Management, Banking, and other Financial Services. In 2005, Met Life, Inc had approximately, 28,000 U.S. employees and according to MetLife, Inc. was the number one U.S. based Life Insurer.

3. MetLife, Inc. sells insurance products in Illinois through its subsidiary Metropolitan Life Insurance Company which has been granted a Certificate of Authority to sell Insurance in Illinois by the Illinois Division of Insurance.

4. State Street Research Management Company was the investment advisor and management company for State Street Research Funds and a subsidiary of SSRM Holdings, Inc. SSRM Holdings, Inc. and its subsidiaries including State Street Research Funds were sold to BlackRock, Inc in 2004 by MetLife, Inc.

5. During the time period of January 1, 2000 until January 1, 2005 (the "Relevant Period") State Street Research Funds were mutual funds registered under the Federal Investment Company Act and affiliated with MetLife Securities, Inc. as that term is defined by Section 2(a)(3) of the Federal Investment Company Act.

6. During the Relevant Period, MetLife Securities, Inc. sold State Street Research Funds from branch offices in and outside of Illinois to Illinois residents and sold State Street Research Funds to clients nationwide from branch offices located in Illinois.

7. Currently, MetLife Securities, Inc. has 61 Dealer branch offices in Illinois and 843 Illinois registered resident salespersons and 120 registered Investment Adviser Representatives residing in Illinois.

COMPENSATION BASED UPON SALES OF STATE STREET RESEARCH FUNDS

8. As a diversified Financial Services company, MetLife, Inc. sells a wide variety of financial products throughout the US and in Illinois. These products include, Traditional Life, Auto, Home, Disability and Long Term Care Insurance, Fixed and Variable Annuities, Mutual Funds, Brokerage Services, Investment Advisory Services, and Banking Services to both individuals and businesses.

9. Some of the above products were proprietary in that they were offered/issued by MetLife, Inc. and its affiliates while other were non-

proprietary because they were products issued and/or offered by companies unaffiliated with MetLife, Inc.

10. Included as affiliated companies were New England Financial, GenAm Financial, Texas Life and Security First.

11. In general, the only products considered non-proprietary were mutual funds other than State Street Research Funds.

12. MetLife, Inc. and its affiliates used the term Financial Service Representatives (FSR) to describe their insurance producers, registered representatives and investment adviser representatives.

13. The compensation received by FSRs is primarily through commissions earned on the sale of financial services products. However, FSRs also receive other compensation tied to or based upon the sale of financial services products by the FSRs.

14. Additionally, FSRs continued employment was conditioned on meeting Minimum Production Requirement which were set at a pre-determined dollar amount of commissions earned on the sale of MetLife, Inc proprietary financial services products.

15. Additional Compensation that MetLife, Inc. FSRs may receive include:

    a. Additional Vacation Compensation
    b. Quarterly Incentive Compensation
    c. Financial Assistance Payments
    d. Financial Planning Fees
    e. Good Business Practice payments
    f. Training Allowance payments
    g. Quality Service Payments
    h. Asset Trails
    i. Traditional Life Persistency Payments
    j. Expense Allowance Program

16. Additionally, sales of MetLife, Inc. financial services products affect the amount of pension and or other retirement benefits that a FSR may receive from MetLife, Inc and its affiliates.

17. MetLife, Inc. compensation was structured in such a way that it significantly rewarded FSRs for sales of proprietary products, in addition to making the sales of proprietary products a condition of their employment.

18. The Expense Allowance Program (EAP) was a compensation program that rewarded FSRs based upon their sales. The EAP provided credits to FSRs based on new business to offset operating expenses of the FSRs. Excess credits would be paid to FSRs as additional income.

FSRs with expenses greater than their earned credits would be required to pay the excess expenses.

19. Under the EAP, any proprietary or non-proprietary mutual fund product sold by a FSR would be counted towards determining the amount of the EAP credit for the Representative.

20. However, only the sale of proprietary mutual funds, such as State Street Research Funds, would be used to determine the percentage rate for the EAP credit payment. This percentage started at a minimum of 25% to a maximum of 65%. Higher percentage rates resulted in higher EAP payments.

21. Quality Service Payments were payments that some FSRs would receive based upon their clients maintaining Life Insurance policies with MetLife, Inc. The payments would begin on 2nd year and continue until the 15th year. Quality Service Payments were based upon the "Rolling Four Quarter Production First Year Commissions of the FSR which did not included commissions from the sale of Non-Proprietary Mutual Funds.

22. Traditional Life Persistency Payments (TLP) were payments similar to Quality Service Payments. TLP were payments that some FSRs would receive based upon their clients maintaining Life Insurance policies with MetLife, Inc. They began the 2nd year of the policy and would continue for the life of the policy. However, in order to receive TLP payments the FSR was required to earn a minimum amount of First Year Commissions from the sale of proprietary products, including mutual funds. The sale of non-proprietary products would not meet this production requirement.

23. Asset Trails are payments made to FSRs as an incentive for building and conserving assets. They are calculated quarterly and are based upon the assets currently maintained in the FSRs client base.

24. All mutual funds sold by FSRs were eligible for Asset Trail payments but only State Street Research Funds were considered in determining the Asset Trail rate. Increased production of eligible products would result in a higher rate and greater payments to the FSR

25. The Asset Trail rate was based upon the assets in the client base and could vary from 0% to 75%.

26. Similar to the TLP payments, an FSR in order to receive any Asset Trails was required to earn minimum amount of First Year Commissions from the sale of proprietary products, including mutual funds. The sale of non-proprietary products would not meet this production requirement.

27. The above compensation payments were devised in such way that MetLife Securities, Inc. FSRs would receive greater compensation for selling its proprietary products.

28. The payment of commissions for sales of MetLife, Inc. products was also structured in a way to favor the sale of proprietary products over non-proprietary.

29. All commissions from MetLife, Inc. proprietary products were credited to a "Moving Average Account System. The Moving Average Account was used for determining Quarterly Incentive Compensation paid to certain FSRs. Commissions for the sale of Non-proprietary products including mutual funds were not credited to the Moving Average Account.

30. Under the MetLife pension plan, a MetLife Representative's eligible pay for determining the benefit level while including the sale of insurance and securities products in general only included commissions from the sale of proprietary products such as State Street Research Funds. Additionally, because eligible pay included asset trails, Quality Services Payments, Traditional Life Payments, and Quarterly Incentive Commissions which were also affected by the sales of proprietary funds, the incentive to sell proprietary funds was significantly magnified.

31. The sale of proprietary products was also used to set rate of Additional Vacation Compensation and Medical benefits provided by MetLife, Inc.

32. From January 1, 2000 through approximately December 31, 2004 MetLife and State Street Research Funds omitted material information to investors or potential investors in State Street Research Funds that the above additional compensation would be awarded to MetLife Representatives for the sale of State Street Research Funds.

33. Sometime in 2003-2004, MetLife, Inc. entered into negotiations with BlackRock, Inc. for the purchase of SSRM Holding, Inc. Upon the completion of the sale of SSRM Holdings, Inc. State Street Research Funds would no longer be considered Proprietary products of MetLife, Inc.

34. Sometime in mid 2004, MetLife Securities, Inc. sent or caused to be sent a letter to all owners of State Street Research Mutual Funds account a letter titled: "Disclosure Statement Mutual Fund Marketing and Compensation Arrangements"

35. The above letter stated the following: "MSI [MetLife Securities, Inc.] registered representatives also receive additional compensation for the sale of proprietary mutual funds from State Street Research and Management Company ("SSR"). Specifically, the assets of such sales

help move a representative up a compensation grid that is used only to determine trail commissions received by the representative on previously sold products. The higher a representative is on the grid, the higher the trail commissions he or she receives on all products sales (both securities and non-securities products). Additionally, commissions on sales of SSR mutual funds are considered income when determining certain elements of a registered representative's long term income such as pension benefits and 401(k) company matches. Notwithstanding these arrangements, MSI registered representatives have the ability to recommend any mutual fund to a client provided that MSI has an existing selling agreement with that fund family.

36. Sometime in March/April of David Acselrod Vice President, Field Compensation for MetLife Securities, Inc. issue or caused to be issue a memo titled: "Changes to Treatment of SSR Mutual Fund FYCs" The memo is marked "For Internal Use Only" and was posted to MetLife, Inc. internal computer network.

37. The memo described above states the following: "We're in the process of discontinuing the crediting of State Street Research mutual fund FYCs [First Year Commissions] to the proprietary rolling four quarter FYC record. Effective with the credit date of April 5, 2004, State Street Research mutual fund business FYCs will be excluded from the proprietary rolling four-quarter FYC record. This change, however, does not affect MAPS and Crescendo FYCs, which will continue to be included in the rolling four-quarter proprietary FYC record. As you know, the proprietary rolling four-quarter FYC record is used for a variety of purposes. This includes determining eligibility for compensation-related items, such as Asset Trails, TLP, EAP, Additional Vacation Compensation, the Minimum Production Requirement, and the level of company subsidy for Medical Benefit purposes."

38. During the relevant time period, some MetLife, Inc. FSRs prepared Financial Plans that included recommendations to purchase MetLife, Inc. proprietary products and received both financial planning fees and commissions for the sale of products recommended in the financial plans.

39. Certain MetLife Securities, Inc., FSRs did not advise their mutual fund clients of information regarding the additional compensation they received for the sale of State Street Research Funds during the Relevant Period.

40. MetLife Securities, Inc. failed to implement adequate compliance or marketing procedures to ensure that information regarding the additional compensation associated with State Street Research Funds and the possible conflict of interest was communicated by its

registered representatives, agents or employees to investors or potential investors of State Street Research Funds.

41. Because only State Street Research Funds were eligible for determining the percentage rate for EAP and Asset trails and only commissions from proprietary products such as State Street Research Funds were considered for determining eligible pay for pension benefits and other compensation benefits, MetLife, Inc. FSRs had an economic incentive to promote, recommend and sell State Street Research Funds over other mutual funds.

TRANSFERABILITY OF STATE STREET RESEARCH FUNDS

42. State Street Research Funds prepared prospectuses and Statements of Additional Information for its mutual funds. During the Relevant Period both the prospectuses and the Statements of Additional Information ("SAI") were changed to reflect new or modified information.

43. State Street Research Funds sold by MetLife Securities, Inc. were generally held by the clients of MetLife in brokerage accounts at MetLife Securities, Inc.

44. State Street Research Funds during the Relevant Period had to be held in accounts either: (1) directly with State Street Research Funds; (2) a transfer agent; (3) MetLife Securities, Inc. or (4) a Broker-Dealer which had a sales/servicing agreement with State Street Research Funds.

45. Illinois residents who wanted to transfer in-kind their State Street Research fund(s) could only do so to one of the account types described above in paragraph 44.

46. MetLife Securities, Inc. and State Street Research Funds omitted to inform investors of material information that State Street Research Funds purchased through MetLife Securities, Inc. and held in MetLife Securities, Inc. brokerage accounts would be subject to limited transferability should the investor later decide to transfer his/her brokerage account from MetLife Securities, Inc. to another Broker-Dealer.

47. During the Relevant Period, MetLife Securities, Inc. provided investors with various documents regarding State Street Research Funds, however, this documentation omitted to inform investors of the limited transferability of the State Street Research Funds.

48. Certain MetLife Securities, Inc. Registered Representatives and Investment Adviser Representatives ("Financial Service Representatives or FSRs") did not advise their mutual fund clients regarding the transferability of State Street Research Funds during the Relevant Period.

49. MetLife Securities, Inc. failed to adequately train its FSRs regarding the transferability of State Street Research Funds.

50. MetLife Securities, Inc. failed to implement adequate compliance or marketing procedures to ensure that information regarding the transferability of State Street Research Funds was accurately communicated by its investment adviser representatives, registered representatives, agents or employees to investors or potential investors of State Street Research Funds.

51. Information regarding the transferability of State Street Research Funds was material to investors. This information was particularly critical for those investors who had purchased Class B shares and who were subject to a Contingent Deferred Sales Charge period.

52. Knowing that the funds were limited in their transferability was critical to those investors who wished to transfer their State Street Research Funds and were consequently subject to sales charges.

MISREPRESETNATIONS RELATING TO THE METLIFE WEBSITE

53. That at all times relevant, MetLife, Inc. maintained a web site at the internet address of Metlife.com.

54. That from on or about October 23, 2003 to May 9, 2005, this web site contained the following statement: "MetLife Securities is pleased to be able to offer you the following mutual funds from State Street Research, a MetLife affiliate..."

55. On or about January, 2005, State Street Research Funds were sold to BlackRock, Inc. and State Street Research Funds ceased to be an affiliate of MetLife, Inc or MetLife Securities, Inc. or any other MetLife subsidiary.

56. MetLife did not correct the above false information until notified by the staff of the Illinois Securities Department.

SECTIONS 8.E.1 AND 12 VIOLATIONS

57. MetLife Securities, Inc. and its registered Investment Adviser Representatives had a fiduciary duty to investors and potential

investors of State Street Research Funds to inform them of the limited transferability of State Street Research Funds and the additional compensation that Investment Adviser Representatives would receive for the sale of State Street Research Funds.

58. Information regarding the transferability of State Street Research Funds and the additional compensation that MetLife Securities, Inc. FSRs received for the sale of State Street Research Funds was material information to investors. Additionally, the misrepresentation to current and prospective investors that State Street Research Funds were an affiliate of MetLife was a material misrepresentation relied upon by current and prospective investors in making investment decisions regarding State Street Research Funds. The omissions and misrepresentations set forth above are violations of the following sections of the Act:

12.A. To offer or sell any security except in accordance with the provision of the Act;

12.F. To engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof;

12.G. To obtain money or property through the sale of securities by means of any untrue statement of material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

12.H. To sign or circulate any statement, prospectus, or other paper or document required by any provision of this Act or pertaining to any security knowing or having reasonable grounds to know any material representation therein to be false or untrue.

12.I. To employ any device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly; and

12.J. When acting as a federally covered, by any means or instrumentality, directly or indirectly: (1) To employ any device, scheme or artifice to defraud any client or prospective client; (2) To engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client; or (3) To engage in any act, practice, or course of business which is fraudulent, deceptive or manipulative.

59. Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsections F, G, H, I or J of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State.

60. Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed $10,000.00 for each violation of the Act.

61. By virtue of the foregoing, MetLife Securities is subject to a fine of up to $10,000.00 per violation and an order which permanently prohibits it from offering or selling securities in the State of Illinois.

62. Section 8.E.1(b) of the Act provides, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of a dealer may be suspended or revoked if the Secretary of State finds that the dealer has engaged in any unethical practice in the offer or sale of securities or in any fraudulent business practice.

63. Section 8.E.1(e)(i) of the Act provides, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of a dealer may be suspended or revoked if the Secretary of State finds that the dealer has failed reasonably to supervise the securities activities of any of its salesperson or other employees and the failure has permitted or facilitated a violation of Section 12 of the Act.

64. Section 8.E.1(e)(iv) of the Act provides, inter alia, that subject to the provision of subsection F of Section 11 of the Act, the registration of a dealer may be suspended or revoked if the Secretary of State finds that the dealer has failed to maintain and enforce written procedures to supervise the types of business in which it engages and to supervise the activities of its salespersons that are reasonably designed to achieve compliance with applicable securities laws and regulations.

65. Section 8.E.1(g) of the Act provides, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of a dealer may be suspended or revoked if the Secretary of State finds that the dealer has violated any provisions of the Act.

66. Section 8.E.1(m) of the Act provides, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of a dealer may by suspended or revoked if the Secretary of State finds that the dealer has conducted a continuing course of dealing of such nature as to demonstrate an inability to properly conduct the business of the dealer.

67. MetLife Securities, Inc. failed to adequately supervise its Registered Representatives and Investment Adviser Representatives to ensure that all material information regarding the transferability of State Street Research Funds and additional compensation paid to its Representatives on account of sales of State Street Research Funds was communicated to investors of State Street Research Funds and

MetLife Securities Inc. Additionally its conduct as described above is a basis for a Revocation or Suspension of its Dealer registration in the State of Illinois pursuant to Sections 8.E.1. (b), (e)(i), (e)(iv), (g) and (m) of the Act.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations of (14 Ill. Adm. Code 130.100 et seq.) (the "Rules") to file an answer to the allegations outlined above or a Special Appearance pursuant to Section 130.1107 of the Rules, or other responsive pleading within 30 days of the receipt of this notice. Your failure to do so within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default.

A copy of the Rules, promulgated under the Act and pertaining to Hearings held by the Office of the Secretary of State, Securities Department is included in this Notice.

Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

ENTERED: This 31st day of December, 2007

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Secretary of State

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