

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: RUSSELL ARMSTRONG,
and GOVERNMENT BENEFIT ADVISORS, LLC and
its managers, officers, affiliates, subsidiaries, representatives,
successors, and assigns

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) FILE NO. 1200262
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NOTICE OF HEARING

TO RESPONDENTS:

**Russell Armstrong
220 Birch Avenue
Lake Bluff, Illinois 60044**

**Government Benefit Advisors, LLC
10998 Wilcrest Drive, Suite 195
Houston, Texas 77099**

You are hereby notified that pursuant to Section 11.E of the Illinois Securities law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 W. Washington Street, Suite 1220, Chicago, Illinois 60602, on the 21st day of January, 2015, at the hour of 10:00 a.m., or as soon as possible thereafter, before, Canella Henrichs, Esq. or such duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether a permanent order of Prohibition should be entered against Respondent Russell Armstrong and Respondent Government Benefit Advisors, LLC, its managers, officers, affiliates, subsidiaries, representatives, successors, and assigns. Imposition of fines not to exceed \$10,000 against each Respondent for each violation of the Act described below; entry of orders of public censure; and charging costs of the investigation and all reasonable expenses, including attorney's fees and witness fees, in accordance with Section 11.E(4) of the Act.

INTRODUCTION

1. Respondent Russell Armstrong ("Respondent Armstrong") is a natural person and a registered Insurance Producer in the state of Illinois with a last known address of 220 Birch Avenue, Lake Bluff, Illinois 60044.

2. Respondent Government Benefit Advisors (“Respondent GBA”) is a limited liability company registered in the state of Texas with a last known address of 10998 Wilcrest Drive, Suite 195, Houston, Texas 77099.
3. Respondent Armstrong is not registered to offer or sell securities, or provide investment advisory services, in the State of Illinois.

COUNT I

FAILURE TO REGISTER AS AN INVESTMENT ADVISER AND/OR INVESTMENT ADVISER REPRESENTATIVE

4. Respondent Armstrong through Respondent GBA organized federal government employee benefits investment seminars and/or private individual consultations that were marketed to federal employees, including but not limited to United States Postal workers.
5. Respondent Armstrong advised various federal employees to liquidate funds from a security, a Thrifty Savings Plan (“TSP”), in order to purchase an index annuity, with the purpose or intent of deriving a commission or profit from such a sale.
6. In or around December 2011, Investor A received a mailing identified as a Federal Employee Retirement Services Form from Respondent Armstrong and Respondent GBA.
7. Investor A is an Illinois resident who is employed as a United States Postal worker.
8. Investor A, expressed interest in discussing with Respondent Armstrong retirement planning goals. Respondent Armstrong met with Investor A at his personal residence.
9. At the meeting, Respondent Armstrong represented to Investor A that he was a financial advisor. Respondent Armstrong advised Investor A to liquidate his TSP so that he could purchase what he claimed was a “guaranteed annuity.”
10. Respondent Armstrong advised Investor A that his money in the TSP which was invested in stocks and mutual funds was not safe and he could lose money.
11. By advising Investor A, a federal employee, to liquidate the securities listed above, Respondent Armstrong anticipated that he would benefit directly or indirectly from the sale of these securities. Respondent

Armstrong earned a commission from Investor A's purchase of the annuity.

12. Respondent's recommendations involved advising individuals to sell securities in order to purchase unsuitable insurance products, such as index annuities which are at times funded with the proceeds from the sale of the securities.
13. Furthermore, Respondent Armstrong is not licensed to offer and/or sell securities in the state of Illinois nor is he allowed to give financial advice for a direct or indirect commission.
14. The Illinois Securities Act of 1953, ("the Act"), Section 8(A), requires that individuals who are involved in offering investment advice for a fee shall be registered with the Illinois Secretary of State.
15. At all relevant times, Respondent Armstrong was not registered as an investment adviser representative and/or investment adviser.
16. At all relevant times, Respondent GBA was not registered as an investment adviser.
17. Respondent Armstrong's investment advice to sell securities in order to purchase insurance products constituted the conduct of an investment adviser as defined in the Act.
18. Section 8 of the Act provides, *inter alia*, that all investment advisers and investment adviser representatives, except as otherwise provided, shall be registered with the Secretary of State.
19. At all relevant times, Respondent Armstrong failed to file an application for registration as an investment adviser representative and/or investment adviser with the Illinois Secretary of State.
20. At all relevant times, Respondent GBA failed to file an application for registration as an investment adviser with the Illinois Secretary of State.
21. Section 12.C of the Act provides, *inter alia*, that it shall be a violation for any person to act as an investment adviser or investment adviser representative, unless registered as such.
22. Section 12.D of the Act provides, *inter alia*, that it shall be a violation for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.

23. By virtue of the foregoing, Respondent Armstrong violated Sections 8, 12.C and 12.D of the Act.

COUNT II

FAILURE TO RESPOND TO AN ILLINOIS SECURITIES DEPARTMENT

SUBPOENA DUCES TECUM

1. On November 16, 2012, the Department issued a Subpoena Duces Tecum in the matter of File No. 12-00262 and the Illinois Department of Securities sent it via registered mail to Russell Armstrong on behalf of Government Benefit Advisors, LLC
2. Attached to the Subpoena was a "Schedule A" listing the documents or information to be produced.
3. The due date for the Subpoena Duces Tecum was November 23, 2012. Respondent Armstrong requested an extension of time to respond to the Subpoena Duces Tecum. The Department agreed to extend the due date to December 5, 2012.
4. As of Tuesday, December 5, 2012, the Department received only a portion of the requested documents and/or information responsive to the Subpoena.
5. The Subpoenas were issued pursuant to Section 11.D(1) of the Illinois Securities law of 1953 (815 ILCS 5/1 et. seq.) (the "Act").
6. Section 11.D of the Act states, inter alia, that the Secretary of State or a person designated by him or her may require by subpoena the production of any books and records, papers, or other documents which the Secretary of State or a person designated by him or her deems relevant or material to the inquiry.
7. The Respondents Armstrong and Government Benefit Advisors failed to produce all of the documents requested by the due date, or any day thereafter, that were subpoenaed by the Department pursuant to the authority granted under Section 11.D(1) of the Act.
8. By virtue of the foregoing, Respondents failure to respond to the Subpoena by the due date impeded designees of the Secretary of State from conducting an investigation under Section 11.D (1) of the Act.


You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) ("the rules"), to file an answer to the

allegations outlined above within thirty (30) days of the receipt of this notice. The answer and all other pleadings and motions must be filed with the Illinois Securities Department by addressing them to:

Maria Pavone
Enforcement Attorney
Illinois Department of Securities
69 West Washington, Suite 1220
Chicago, Illinois 60602

A failure to file an answer within the prescribed time shall be construed as 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 appear shall constitute default. Unless the Respondent has upon due notice moved for and obtained a continuance. The Rules promulgated under the Act and pertaining to Hearings held by the office of the Secretary of State, Securities Department may be viewed online at <http://www.cyberdriveillinois.com/departments/lawrules.html>. Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 25th day of November 2014.


JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:
Maria A. Pavone
Office of the Secretary of State
Illinois Securities Department
69 West Washington Street, Suite 1220
Telephone 312-793-3384