

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014039222502**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Investment Planners, Inc.
CRD No. 18557

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent, or Investment Planners, Inc. ("Investment Planners"), submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Investment Planners became a member of FINRA on May 12, 1987. The firm has approximately 50 branch offices and approximately 100 registered representatives. It conducts a general securities business focusing mainly on mutual funds and variable annuities. Investment Planners' membership with FINRA remains currently in effect. The firm does not have any recent disciplinary history.

OVERVIEW

Investment Planners failed to have an adequate supervisory system and WSPs in place to ensure that certain variable annuity charges were accurately disclosed to customers, in violation of NASD Rule 3010 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

NASD Rule 3010(a) requires that each member establish and maintain a system to supervise registered representatives, registered principals and associated persons that is reasonably designed to achieve compliance with applicable securities laws, regulations and rules.

NASD Rule 3010(b) further requires each member firm to establish, maintain, and enforce written procedures to supervise the types of business in which it engages and to supervise the activities of registered representatives, registered principals and associated persons that are reasonable designed to achieve compliance with applicable securities laws, regulations and rules.

Between April 2013 and April 2014, Investment Planners failed to have an adequate supervisory system and written supervisory procedures (WSPs") in place to ensure that the firm's registered representatives accurately disclosed certain charges on the firm's Variable Annuity Transmittal and Disclosure forms ("VA switch forms") in connection with variable annuity exchanges. Such charges included mortality and expense fees, administrative fees and rider fees.

Investment Planners' WSPs required that the firm's designated supervising principal ensure that all charges associated with each variable annuity transaction be disclosed to the customer. However, the firm's WSPs failed to describe how the designated supervising principal would verify the accuracy of those charges, and the firm did not provide supervisors with any guidance or tools to help them to conduct their reviews.

As a result, Investment Planners failed to detect that between April 2013 and April 2014, several of the firm's registered representatives prepared VA switch forms that misstated the fees associated with approximately 50 VA transactions. Those VA switch forms were subsequently provided to, reviewed and signed by Investment Planners' customers.

The conduct described above was in violation of NASD Rule 3010 and FINRA Rule 2010.

- B. Respondent also consents to the imposition of the following sanctions:

Censure and
Fine in the amount of \$10,000

Investment Planners agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Investment Planners has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Investment Planners specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against Respondent;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

The undersigned, on behalf of the Respondent, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce Respondent to submit it.

9/10/15
Date


Investment Planners, Inc.

By: Renee Emmet, General Counsel

Accepted by FINRA:

10/1/15
Date

Signed on behalf of the
Director of ODA, by delegated authority


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