

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

IN THE MATTER OF: DANIEL E. BRUNETTE

FILE NO. 0400697

NOTICE OF HEARING

TO RESPONDENT: Daniel E. Brunette
(CRD#: 813924)
7644 William Penn Place
Indianapolis, Indiana 46204

C/o Ogilive Security Advisors Corporation
900 N. Michigan Avenue
Suite 1860
Chicago, Illinois 60611

You are hereby notified that pursuant to Section 11.F 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 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 14th day of December, 2005 at the hour of 10:00 a.m. or as soon as possible thereafter, before James L. Kopecky, Esq. Or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered revoking Daniel E. Brunette's (the "Respondent") registration as a salesperson in the State of Illinois and/or granting such other relief as may be authorized under the Act including but not limited to the imposition of a monetary fine in the maximum amount pursuant to Section 11.E(4) of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

1. That at all relevant times, the Respondent was registered with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act.

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2. That on October 5, 2004, NASD entered a Letter of Acceptance, Waiver and Consent (AWC) submitted by the Respondent regarding File No. CAF040075 imposed the following sanctions:
 - a. censure;
 - b. fine of \$10,000; and
 - c. suspension in all capacities for five (5) business days.
3. That the AWC found:

{Variable Complife (“VCL”)}

- a. Variable life insurance is a hybrid product containing both insurance and securities elements. Variable life guarantees a minimum death benefit but, unlike non-variable life insurance, also provides a variable death benefit and a variable cash value reflecting the value of separate, segregated accounts of the insurance company. The separate accounts funding the contracts permit investments in underlying investment portfolios that are registered as a unit investment trust. Through those portfolios, which are invested in securities, the customer bears an investment risk. Because owners of variable life insurance contracts assume investment risks, the contracts are securities within the meaning of the federal securities laws.
- b. VCL is a type of variable life insurance issued by Northwestern Mutual and sold by NMIS registered representatives. VCL offers a guaranteed death benefit and the opportunity to pay optional premiums to purchase variable paid-up additional insurance or to increase the policy's value. While it provides a guaranteed death benefit floor, both the cash value and the value of the death benefit vary depending on the performance of the separate accounts selected by the policyholder. Policyholders incur insurance charges for the death benefit and other charges that are deducted from the premiums paid.
- c. Between January 1, 1998 and May 1, 2001, Northwestern Mutual (Respondent's then current employer) sold over 113,000 VCL policies, in a total face amount of over \$37 billion.
- d. In letters to four of his clients, the Respondent failed to clearly describe the product referenced in the letters as a variable life insurance policy. In a letter dated January 17, 1998, to customers Mr. and Mrs. R.W.T, he referred to VCL as “a variable Private

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Pension Plan.” In a letter dated May 18, 1998, to customers Mr. and Mrs. S.J.F., he referred to VCL as “Northwestern Mutual Private Pension Plans,” “variable Private Pension Plan,” and a “savings vehicle.” In a letter dated June 8, 1999, to customers Mr. and Mrs. S.G., he referred to VCL as “Private Pension Plans.” In a letter dated May 10, 2000, to customer Mr. J.A., he referred to VCL as “Private Pension Plans” and a “retirement program” and he compared VCL to “a jumbo Roth IRA.”

- e. In 1994 Northwestern Mutual cautioned the Respondent for using inappropriate terms to describe variable life insurance policies, including “private pension plans” and “retirement plans,” without clearly describing the product as life insurance in letters to his clients.
 - f. By making the statements in sub-paragraph d above in communications with customers, the Respondent violated NASD Conduct Rules 2210 and 2110.
- 4. That Section 8.E(1)(j) of the Act provides, inter alia, that the registration of a salesperson may be revoked if the Secretary of State finds that such salesperson has been suspended by any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory organization.
 - 5. That NASD is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
 - 6. That by virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to revocation pursuant to Section 8.E(1)(j) 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. 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.

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, unless any Respondent has upon due notice moved for and obtained a continuance.

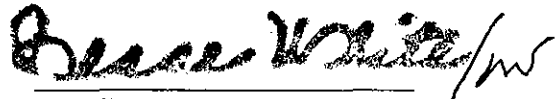
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A copy of the Rules, promulgated under the Act and pertaining to hearings held by the Office of the Secretary of State, Securities Department is included with this Notice.

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

Dated: This 26th day of October 2005



JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:

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