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**NORTH CAROLINA DEPARTMENT OF INSURANCE  
RALEIGH, NORTH CAROLINA**

**STATE OF NORTH CAROLINA  
COUNTY OF WAKE**

**BEFORE THE COMMISSIONER  
OF INSURANCE**

**IN THE MATTER OF THE LICENSURE  
CITIZENS SECURITIES, INC.  
LICENSE NO. 1000059771**

**VOLUNTARY SETTLEMENT  
AGREEMENT**

**NOW COME**, Citizens Securities Inc. (hereinafter "CSI") and the North Carolina Department of Insurance (hereinafter "Department"), and hereby voluntarily and knowingly enter into the following Voluntary Settlement Agreement (hereinafter "this Agreement").

**WHEREAS**, the Department has the authority and responsibility for enforcement of the insurance laws of this State, and for regulating and licensing insurance agents; and

**WHEREAS**, CSI currently holds a non-resident Corporation (Business Entity) License with the Department; and

**WHEREAS**, North Carolina General Statute § 58-33-32(k) requires producers to report to the Commissioner any administrative action taken against the producer in another state or by another governmental agency in this State, including enforcement actions taken against the producer by the Financial Industry Regulatory Authority (FINRA), within 30 days after the final disposition of the matter; and

**WHEREAS**, action was taken by the Federal Deposit Insurance Corporation against Citizens Bank of Pennsylvania, an affiliate of CSI, wherein an Order for Restitution and Order for Payment of a Civil Penalty was issued on August 12, 2015; and

**WHEREAS**, administrative action was taken by the Commonwealth of Massachusetts, Office of the Secretary of the Commonwealth, Securities Division, resulting in the issuance of a Consent Order dated February 16, 2016, executed by Citizens Investment Services Corporation, an affiliate of CSI; and

**WHEREAS**, CSI did not report these actions to the Department within 30 days after the final disposition of the matters as required by North Carolina General Statute § 58-33-32(k), and therefore was in violation thereof; and

**WHEREAS**, North Carolina General Statute § 58-33-46a(1) provides that the Commissioner may place on probation, suspend, revoke, or refuse to renew any license issued under Article 33 of Chapter 58 of the General Statutes of North Carolina for providing materially incorrect, misleading, incomplete, or materially untrue information in the license application; and

**WHEREAS**, CSI answered "No" to the question on its renewal applications for license as a non-resident corporation for the years 2010 and 2011 to the question: "Has the business entity or owner, partner, officer or director of the business entity, or manager or member of a limited liability company, been named or involved as a party in an administrative proceeding regarding any professional or occupational license, or registration, which has not been previously reported to this insurance department?"; and

**WHEREAS**, CSI answered "No" to the question on its renewal applications for license as a non-resident corporation for the years 2012 and 2013 to the question: "Has the business entity or owner, partner, officer or director of the business entity, or manager or member of a limited liability company, been named or involved as a party in an administrative proceeding, including a FINRA sanction or arbitration proceeding, regarding any professional or occupational license, or registration, which has not been previously reported to this insurance department?"; and

**WHEREAS**, CSI admits to these violations of North Carolina General Statutes §§ 58-33-32(k) and 58-33-46a(1); and

**WHEREAS**, North Carolina General Statute § 58-33-46(a)(2) provides that the Commissioner may place on probation, suspend, revoke, or refuse to issue or renew any license issued under Article 58 of the General Statutes of North Carolina for violating any insurance law of this or any other state, violating any administrative rule, subpoena, or order of the Commissioner or of another state's regulator; and

**WHEREAS**, CSI has agreed to settle, compromise, and resolve the matter referenced in this Agreement on behalf of himself, and the Department has agreed not to pursue additional penalties, sanctions, remedies, or restitution based on these matters against CSI; and

**WHEREAS**, the parties to this Agreement mutually wish to resolve this matter by consent before the Department initiates an administrative hearing, and have reached a mutually agreeable resolution of this matter as set out in this Agreement.

**NOW, THEREFORE**, in exchange for the consideration and promises and agreements set out herein, CSI and the Department hereby agree to the following:

1. Immediately upon the signing of this Agreement, CSI shall pay a civil penalty of **\$1500.00** to the Department. The form of payment shall be by certified check, cashier's check or money order. The check or money order for the payment of this civil penalty shall be payable to the "North Carolina Department of Insurance." CSI shall remit the civil penalty by certified mail, return receipt requested, to the Department along with a copy of this signed Agreement. The civil penalty and the signed Agreement must be received by the Department no later than **May 24, 2017**. The civil penalty shall be subject to disbursement in accordance with the provisions of Article IX, Section 7 of the North Carolina Constitution for the benefit of public schools.
2. This Agreement does not in any way affect the Department's disciplinary power in any future examination of CSI or in any other complaints involving CSI, other than for the matter referenced in this Agreement.

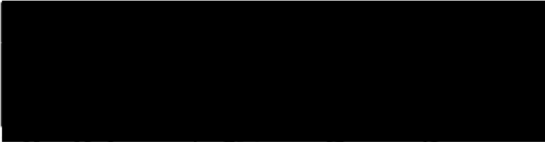
3. CSI enters into this Agreement, on behalf of itself, freely and voluntarily and with the knowledge of its right to have an administrative hearing on this matter. CSI understands it may consult with an attorney prior to entering into this Agreement.
4. The parties to this Agreement agree that this Agreement shall have the full force and effect of an Order of the Commissioner. CSI understands that N.C.G.S. § 58-33-46(a)(2) provides that a producer's license may be revoked for violating an Order of the Commissioner.
5. This Agreement, when finalized, will be a public record and will **not** be held confidential by the Department. Following the execution of this Agreement, any and all licenses issued by the Department to CSI shall reflect that Regulatory Action has been taken against it. The Department is free to disclose the contents of this Agreement with third parties upon request or pursuant to any law or policy providing for such disclosure. The Department routinely provides copies of voluntary settlement agreement to all companies that have appointed the licensee.
6. The parties have read and understand this Agreement and agree to abide by the terms and conditions stated herein.
7. Be aware that if a state or federal regulator other than the N. C. Department of Insurance has issued an occupational or professional license to your corporation, that regulator may require you to report this administrative action to it. The N.C. Department of Insurance cannot give you legal advice as to the specific reporting requirements of other state or federal regulators.

This the <sup>5th</sup> ~~15th~~ day of May, 2017.

Citizens Securities, Inc.  
License No. 1000059771

N.C. Department of Insurance

  
By: Mark D. Pinocci  
SVP/Chief Compliance Officer  
Wealth Management

  
By: Rebecca A. Shigley  
Deputy Commissioner

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