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Texas State Securities Board

208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
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IN THE MATTER OF
THE AGENT AND INVESTMENT
ADVISER REPRESENTATIVE
REGISTRATIONS OF
RICHARD HENRY ELIZONDO

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§

Order No. IC12-SUS-02

TO: Richard Henry Elizondo (CRD No. 2953315)
21937 Amistad Road
Harlingen, TX 78550

DISCIPLINARY ORDER AND UNDERTAKING

Be it remembered that Richard Henry Elizondo ("Respondent"), appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this order ("Order") and Undertaking and the Findings of Fact and Conclusions of Law contained herein.

FINDINGS OF FACT

1. Respondent has waived (a) Respondent's right to notice and hearing in this matter; (b) Respondent's right to appear and present evidence in this matter; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to the Respondent by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (West 2010 & Supp. 2011)("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (West 2008 & Supp. 2010)("Administrative Procedure Act").
2. On or about March 27, 1998, Respondent registered with the Securities Commissioner as an agent of Planmember Securities Corporation ("Planmember"). This registration is currently effective.
3. On or about March 17, 2006, Respondent registered with the Securities Commissioner as an investment adviser representative of Planmember. This registration is currently effective.

Sale of National Life Settlement Notes

4. From in or about May 2008 through in or about January 2009, Respondent engaged in sales of a note agreement ("Note Agreement") and the Immediate Income Investment Plan ("I³") issued by National Life Settlements ("NLS") to Texas residents ("Investors").
5. The Note Agreement was purportedly backed by life insurance policies and typically guaranteed a 10% simple interest return for a five (5) year period of time.
6. The I³ consisted of a five (5) year note, purportedly backed by life insurance policies, and a five (5) year fixed bi-weekly income account¹.

Unregistered Activity

7. On or about December 20, 1997, Respondent passed the Series 6 written qualification examination.
8. The Series 6 written qualification examination is a limited examination offered in lieu of an examination on general securities principles and restricts agents to deal exclusively in securities issued by open-ended investment companies.
9. The NLS Agreements were not securities issued by open-ended investment companies.
10. Section 12.A of the Texas Securities Act prohibits the sale of a security by an agent without such agent first being registered with the Securities Commissioner as provided by the Texas Securities Act.

Participation in Unapproved Outside Business Activities

11. Planmember's written supervisory procedures required Respondent to obtain prior approval from Planmember by completing an Outside Business Activity Disclosure Form before engaging in any business activity outside the scope of Respondent's employment with Planmember.
12. On or about April 14, 2008, Respondent signed an independent contractor agreement with NLS prior to obtaining approval from Planmember to engage in such outside business activity.
13. On or about May 10, 2008, Respondent submitted to Planmember an Outside Business Activity Disclosure Form requesting authorization to engage in the sales of the NLS Agreements.

¹ The Note Agreement and I³ are collectively referred to as the NLS Agreements within the Order.

14. After reviewing Respondent's Outside Business Activity Disclosure Form, Planmember returned the form to Respondent marked "Not Approved."
15. Respondent continued to act as an independent contractor to NLS after the Outside Business Activity Disclosure Form was returned to Respondent marked "Not Approved."
16. Further, Respondent engaged in and received commissions for the sales of the NLS Agreements after the Outside Business Activity Disclosure Form was returned to Respondent marked "Not Approved."

Completion of the Annual Compliance Questionnaire

17. Planmember's written supervisory procedures required Respondent to complete an annual compliance questionnaire for the year 2008 ("Questionnaire") detailing Respondent's securities-related activity.
18. During the time in which Respondent was engaged in the sales of the NLS Agreements, Respondent failed to include Respondent's sales of the NLS Agreements and Respondent's independent contractor relationship with NLS as outside business activities on the Questionnaire.
19. Respondent also failed to acknowledge on the Questionnaire that he was engaged in the sales of Viatical Settlements or Life Settlements.

Failure to Update Filing with Securities Commissioner

20. Respondent filed a Uniform Application for Securities Industry Registration and Transfer ("Form U-4") with the Securities Commissioner in connection with his registration with the Securities Commissioner as an agent of Planmember.
21. Item 13 of the Form U-4 requires the disclosure of any other business conducted by the agent, either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise.
22. Section 115.9(a)(6) of the Rules and Regulations of the Texas State Securities Board ("Board Rules") required Respondent to report, on the Form U-4, any change in information previously disclosed to the Securities Commissioner on an application form or filing within thirty (30) days of the occurrence of such change.
23. Respondent did not update his Form U-4 within thirty (30) days of beginning to sell the NLS Agreements.

CONCLUSIONS OF LAW

1. The NLS Agreements constitute "securities" as the term "securities" is defined by Section 4.A of the Texas Securities Act.
2. Respondent's sales of the NLS Agreements were outside the scope of his registration with the Securities Commissioner and were therefore a violation of Section 12.A of the Texas Securities Act.
3. Respondent's failures to obtain prior approval from Planmember before receiving commissions for selling the NLS Agreements and acting as an independent contractor to NLS, as required by Planmember's written supervisory procedures, constitute inequitable practices in the sale of securities.
4. Respondent was negligent in completing Planmember's Questionnaire.
5. Respondent's negligence in completing Planmember's Questionnaire constitutes an inequitable practice in the sale of securities.
6. Respondent's failure to update Respondent's Form U-4 within thirty (30) days of beginning to sell the NLS Agreements constitutes a violation of § 115.9(a)(6) of the Board Rules.
7. Pursuant to Section 14.A(3) of the Texas Securities Act, the inequitable practices described above constitute bases for the suspension of Respondent's registrations with the Securities Commissioner.
8. Pursuant to Section 14.A(6) of the Texas Securities Act, the violations of the Texas Securities Act and Board Rules described above constitute bases for the suspension of Respondent's registrations with the Securities Commissioner.

UNDERTAKING

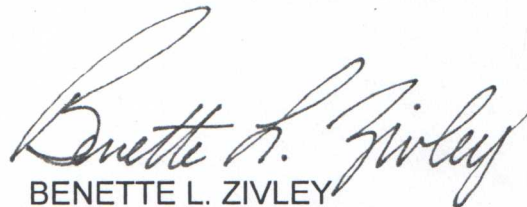
1. Respondent undertakes and agrees to pay a total of \$30,000 to Janet Mortenson, Permanent Receiver of National Life Settlements, LLC (the "Receiver"), for the benefit of the Investors who purchased the NLS Agreements from Respondent (the "Elizondo Investors").
2. Respondent further undertakes and agrees that \$10,000 will be paid to the Receiver contemporaneously with the signing of this Order.
3. Respondent further undertakes and agrees that \$5,000 will be paid to the Receiver every ninety (90) days after the date of this Order until such payments total \$20,000. Respondent acknowledges that no distribution of the funds will occur until the court overseeing the Receiver enters an order authorizing distribution.

4. On or about November 10, 2011, Respondent provided to the Director of the Inspections and Compliance Division of the Texas State Securities Board ("Director") and to the Receiver a sworn statement as to the source of the \$30,000 to be paid to the Receiver. Respondent further undertakes and agrees to notify the Director and the Receiver before using any funds derived from a source other than the source specifically disclosed to the Director and the Receiver in the November 10, 2011 sworn statement.
5. Within ten (10) days of this Order, Respondent further undertakes and agrees to deliver to each of the Elizondo Investors a written statement providing notification of Respondent's payment of the \$30,000 to the Receiver pursuant to the terms of this Order and Undertaking.

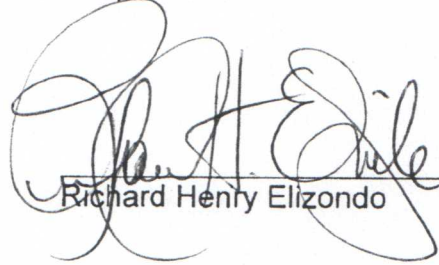
ORDER

1. It is therefore ORDERED that the agent and investment adviser representative registrations of Richard Henry Elizondo are hereby SUSPENDED for a period of five (5) years from the date this Order is signed by the Securities Commissioner.
2. It is further ORDERED that Richard Henry Elizondo comply with the terms of the Undertaking enclosed herein.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 14th
day of November, 2011.


BENETTE L. ZIVLEY
Securities Commissioner

Respondent:

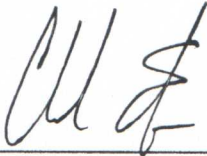


Richard Henry Elizondo

Approved as to Form:



Ronak V. Patel, Esq.
Director
Inspections and Compliance Division

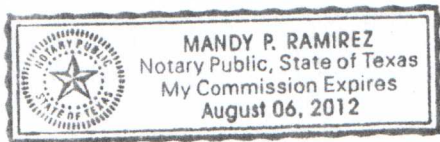


Clinton T. Edgar, Esq.
Attorney
Inspections and Compliance Division

ACKNOWLEDGMENT

On the 10th day of November, 2011, Richard Henry Elizondo ("Respondent") personally appeared before me, executed the foregoing Order and Undertaking, and acknowledged that:

1. Respondent has read the foregoing Order and Undertaking;
2. Respondent has been fully advised of his rights under the Texas Securities Act and the Administrative Procedure Act;
3. Respondent knowingly and voluntarily consents to the entry of the foregoing Order and Undertaking and the Findings of Fact and Conclusions of Law contained therein; and
4. Respondent, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived his rights as set forth therein.



[affix notary seal here]

Mandy P. Ramirez

Notary Public in and for
the State of Texas
My commission expires on: 8/6/2012