

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 21, 2006

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

v.

SUNAMERICA SECURITIES, INC.,

CASE NO. SEC-2006-00018

Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that the Defendant: (1) violated Securities Rule 21 VAC 5-20-260 B by failing to supervise the investment advisory securities activities of their broker-dealer agent Laron D. Shannon, III ("Shannon") and knowingly allowing him to act as an unregistered investment advisor; and (2) violated § 13.1-506 (5) of the Act by failing to furnish information or records requested by the State Corporation Commission ("Commission") concerning its conduct of the securities or investment advisory business.

The Commission is authorized by § 13.1-506 of the Act to revoke the Defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, and by § 13.1-521 of the Act to impose certain monetary penalties. Such actions may be taken upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

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STATE CORPORATION COMMISSION

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant made an offer of restitution to each Virginia investor of all known and verified fees paid to Shannon for financial planning services and/or management of their assets for the time period Shannon was affiliated with the Defendant, May 8, 2001, through December 1, 2003. Said fees are to include payments earned by Shannon while affiliated with the Defendant but received by Shannon after his termination by the Defendant.

(2) The Defendant contacted Shannon's clients by correspondence approved by the Division. Said correspondence requested that the clients provide documentation of payments they made to Shannon in order to receive a refund.

(3) After July 3, 2006, but no later than July 17, 2006, the Defendant will submit to the Division an affidavit, executed by the Defendant, which contains the name and address of each client identified for restitution, the date and amount of advisory fees refunded, and the disposition of any possible claims for restitution which have been identified but not yet paid, and the date by which each responding client will be paid.

(4) The Defendant agrees not to dissolve SunAmerica Securities, Inc., prior to verifying and refunding all possible claims for restitution of fees paid to Shannon for financial planning services and/or management of assets that are identified by July 3, 2006.

(5) The Defendant will not violate the Act in the future.

(6) The Defendant will pay to the Commission, contemporaneously with the entry of this Order, the amount of ten thousand dollars (\$10,000) to defray the cost of investigation pursuant to § 13.1-518 of the Act.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) The Defendant will fully comply with the aforesaid terms and undertakings of this settlement;

(3) The Defendant will pay to the Commission, contemporaneously with the entry of this Order, the amount of ten thousand dollars (\$10,000) to defray the cost of investigation; and

(4) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

Phillip A. Hofling, Vice President, Legal, AIG Financial Advisors, Inc., 2800 North Central Avenue, Suite 2100, Phoenix, Arizona 85004-1072; and the Commission's Office of General Counsel and Division of Securities and Retail Franchising.

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Defendant

ADMISSION AND CONSENT

The Defendant, SunAmerica Securities, Inc., admits to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof, neither admits nor denies the allegations made herein by the Division of Securities and Retail Franchising, and hereby consents to the form, substance and entry of the foregoing Settlement Order.

The Defendant further states that no offer, tender, threat or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent or representative thereof in consideration of the foregoing Settlement Order.

Date: 6/2/06

By: [Signature]
SunAmerica Securities, Inc.

Seen and Approved By:

[Signature]
Phillip A. Hofling
Vice President, Legal
AIG Financial Advisors, Inc.
2800 North Central Avenue, Suite 2100
Phoenix, Arizona 85004-1072