

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF STATE
BUREAU OF SECURITIES REGULATION
CONCORD, NEW HAMPSHIRE**

IN THE MATTER OF:

Northwestern Mutual Investment Services, LLC

I-2022-0002

RESPONDENT

CONSENT ORDER

- I. For purposes of settling the above-captioned matter, and in lieu of further administrative proceedings, Northwestern Mutual Investment Services, LLC (CRD No. 2881) (hereinafter referred to as “NWM” or “Respondent”) has submitted an offer of settlement which the State of New Hampshire, Department of State, Bureau of Securities Regulation (hereinafter referred to as the “Bureau”) has determined to accept. Accordingly, without admitting or denying the facts or allegations contained herein, NWM does hereby consent to the following findings, undertakings and sanctions:

STATEMENT OF FACTS

1. NWM is a broker-dealer with its principal place of business at 720 East Wisconsin Avenue, Milwaukee, Wisconsin. NWM is a nationwide securities firm with branches in every state. NWM has been registered as a broker-dealer in New Hampshire since 3/13/2001. NWM’s SEC number is 8-14088. NWM is also a member of the Financial Industry Regulatory Authority (“FINRA”) and is required to comply with FINRA rules.
2. An audit was conducted at NWM’s Manchester branch office by the Bureau for the time period 2020 to 2021. As a result of a Bureau audit and review of thousands of e-mails that were sent by NWM agent trainees to solicit client prospects, it was determined that the mass e-mail solicitations were not submitted for review or approved by the NWM home office or any NWM compliance

person before being sent to client prospects which was required by NWM policy and procedure. It was also determined that some of the e-mail solicitations were sent into states where the sending agent was not licensed to do business as an agent.

STATEMENTS OF LAW

1. NWM is a “broker-dealer” within the meaning of RSA 421-B:1-102(2). NWM is a member firm of FINRA and is required to abide by all FINRA rules and state laws applicable to it.
2. Pursuant to RSA 421-B:4-412(c), [i]f the secretary of state finds that the order is in the public interest and subsection (d) authorizes the action, a fine of \$2,500 may be imposed for each violation. NWM is subject to this provision.
3. Pursuant to RSA 421-B:4-412(h), NWM directly or indirectly controls its agents, and when its agents are not in compliance with the law NWM may be disciplined by order of the secretary of state under subsections 4-412(a) and (c) to the same extent as its agents.
4. Pursuant to RSA 421-B:4-412(d)(9) a person may be disciplined under subsections (a) through (c) if the person: has failed to reasonably supervise an agent, investment adviser representative, or other individual, if the agent, investment adviser representative, or other individual was subject to the person’s supervision and committed a violation of this chapter. NWM violated this section.
5. Pursuant to RSA 421-B:6-604(a) the secretary of state may impose a cease and desist order for violations of RSA 421-B.
6. Pursuant to RSA 421-B:6-604(d), the secretary of state may impose a fine of \$2,500.00 for each violation of RSA 421-B.
7. Pursuant to RSA 4210-B:6-604(g), the secretary of state may impose actual costs of the investigation.

II. In view of the foregoing, the Respondent agrees to the following undertakings and sanctions:

1. Respondent agrees that it has voluntarily consented to the entry of this Consent Order and represents and avers that no employee or representative of the Bureau has made any promise, representation, or threat to induce its execution.
2. Respondent agrees to waive its right to an administrative hearing and any appeal therein under this chapter.

3. The Respondent agrees to cease and desist from violations of RSA 421-B:4-412(d)(9) regarding failure to supervise by taking steps that are reasonably designed to address the violations stated herein.
4. NWM will explore whether a technological solution is feasible that will enable it to identify instances where NWM representatives send similar advertising e-mails on a mass scale to prospects. NWM will provide additional guidance to its centralized email review personnel, its marketing materials compliance personnel, and its field supervisors regarding the following: The identification of mass solicitation emails; the review of mass solicitation emails for potentially untrue or misleading statements; how to remind registered representatives of their obligation to ensure all communications with the public do not contain any false or misleading statements and that solicitation emails are sent to people that the registered representative has reasonable basis to believe reside in states where the registered representative holds a securities license. NWM will provide additional guidance to its registered representatives, reminding them of their obligation to disclose mass solicitation emails to NWM's marketing materials compliance unit prior to sending the email; ensure that all communications with the public are true and not misleading, and solicit prospects and clients who reside in states where the registered representative holds a securities license. NWM mutual will report its progress in this area by a written report to the Bureau every 120 days for the next year.
5. The Respondent agrees to upon execution of this Consent Order pay to the Bureau an administrative fine of \$175,000 and costs of \$25,000, total \$200,000 with a check made out to the State of New Hampshire and delivered to the Bureau.
6. Respondent agrees that this Consent Order is entered into for the purpose of resolving only the matter and issues as described herein and no other issues pending before the State of New Hampshire. This Consent Order shall have no collateral estoppel, res judicata, evidentiary, or other legal effect in any other lawsuit, proceeding, or action, not described herein. Likewise, this Consent Order shall not be construed to restrict the Bureau's right to initiate an administrative investigation or proceeding relative to conduct by Respondent which the Bureau has no knowledge at the time of the date of final entry of this Consent Order.
7. The 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 allegation in this Consent Order or create the impression that the Consent Order is without factual basis. Nothing in this provision affects the Respondent's testimonial obligations or right to take legal positions in litigation in which the State of New Hampshire is not a party.
8. Should Respondent fail to comply with this Consent Order, the Bureau may rescind the Consent Order without a hearing and institute formal enforcement proceedings under RSA 421-B.

III. Based on the foregoing, the Bureau deems it appropriate and in the public interest to Order that:

1. Respondent shall upon execution of this Consent Order pay an administrative fine in the amount of \$175,000 and costs in the amount of \$25,000, total \$200,000 as stated above.
2. Respondent shall cease and desist from violating RSA 421-B:4-412(d)(9) as stated above.
3. Respondent shall comply with the reporting requirement stated above.
4. Respondent shall comply with all undertakings and sanctions as stated above.

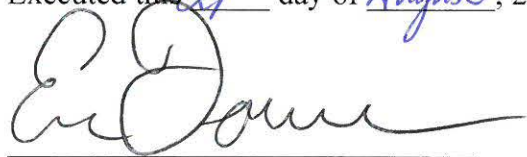
Executed this 21st day of August, 2023.


Northwestern Mutual Investment Services, LLC

Please print name below:

Sarah R. Schneider

Executed this 21st day of August, 2023.


Eric Forcier
Deputy Secretary