

DIRK KEMPTHORNE
GOVERNOR



GAVIN M. GEE
DIRECTOR

STATE OF IDAHO
DEPARTMENT OF FINANCE
700 W. STATE STREET, 2ND FLOOR
P. O. BOX 83720
BOISE ID 83720-0031
<http://www2.state.id.us/finance/dof.htm>

June 27, 2000

Re: Opinion- Assignment of Broker/Dealer Commissions to Corporation

Dear M

This is in response to your letter requesting that the Department issue an opinion pertaining to an assignment agreement between the corporation of () and certain registered representatives of ()

According to the material submitted, Mr. () is a registered representative of () and is a designated branch office for that broker dealer. It is our understanding that () provides total office support for Mr. () and all () registered representatives appointed to his branch office.

Since () can pay commissions only to a licensed registered representative, Mr. () wishes to require each registered representative within his branch office to assign all commissions received from () to () in exchange for his/her salary, office expenses and sales and service support.

Our Department is not aware of any regulation within the Idaho Securities Act or the rules promulgated thereunder which would prohibit such an arrangement.

Please be advised that this opinion is based solely on your representation of the facts and different facts may require a different conclusion.

If you have further questions or if I can be of further assistance, please call 208-332-8078.

Sincerely,

Ax (file copy)
Nancy C. Ax
Securities Examiner

Banks and S&L's (208) 332-8005
Credit Unions (208) 332-8003
Money Transmitters (208) 332-8003
Supporting Services (208) 332-8001

PHONE: (208) 332-8000
FAX: (208) 332-8098
Director's Fax: (208) 332-8097
Securities Fax: (208) 332-8099

Securities (208) 332-8004
Mortgage Companies (208) 332-8004
Finance Companies (208) 332-8002
Collection Agencies (208) 332-8002

EQUAL OPPORTUNITY EMPLOYER

CLU

Registered Representative

June 8, 2000

Nancy Ax
Idaho Department of Finance
P.O. Box 83720
Boise, ID 83720-0031

RECEIVED
JUN 12 2000
DEPARTMENT OF FINANCE

Dear Nancy:

We spoke on May 22nd regarding agents assigning securities commission to our agency. I explained how I had been assigning commission to my corporation for years and asked if that arrangement would be acceptable for our other agents as well. You asked for the request in writing and a check for \$50 so that your department might issue a written opinion on the validity of the enclosed.

I am enclosing a check, a Registered Representative Finance Agreement, Employee Benefits outline, and a copy of the Corporate Agreement between and the Registered Representative.

Please review these forms and issue a written opinion as soon as possible. I appreciate your assistance in this matter.

Sincerely,

REGISTERED REPRESENTATIVE FINANCE AGREEMENT

RECEIVED
JUN 12 2000
DEPARTMENT OF FINANCE

, CLU, a registered representative of

() and also a designated branch office for that broker dealer, is licensed to sell securities including variable life, variable annuities, mutual funds, stocks, bonds, etc. However,

() can not be licensed to sell securities, but provides total office support for Mr. and all registered representatives appointed to his branch office in the sales and service of said securities.

Since can pay commissions only to a licensed registered representative, each registered representative agrees to assign all commissions to in exchange for his/her salary, office expenses and sales and service support for clients who are sold securities products by each registered representative within the above named branch office. Therefore, an agreement is entered into this day whereby each appointed registered representative of the

branch office assigns to all commissions received from

pays commissions to the registered representative with a check or an electronic transfer of funds to his/her personal checking account. When such funds are received, the

registered representative agrees to write a check from his/her personal account to In

exchange he/she will receive all employee benefits listed on the

Employee Benefits page (attached).

This agreement becomes effective _____.

Accepted by

Approved by

Registered Representative

BENEFIT	Employee		Independent	
	Pays	Reg Rep Pays	Pays	Reg Rep Pays
1. Social Security & Medicare	50%	50%		100%
2. Rent & clerical support	X		X	
3. Telephone (Local only)	X		X	
4. Mileage Reimbursement (Out of town appointments--Max. \$200 as approved)	X			X
5. Business Lunches--Max. \$250 as approved	X			X
6. Business cards	100%		50%	50%½
7. Orphan leads	X			X
8. Referred leads--\$25.00 gift certificate	50%	50%		100%
9. Education Conference (AmerUs Life Ins.) based on Reg. Rep. qualification	X			X
10. Continuing education meetings as approved	X			X
11. Postage & overnight shipping (business use only as approved)	X			X
12. Copies (business use only as approved)	X			X
13. Employer simple matching contribution	X		NA	
14. Errors and Omission Insurance	X			X

MAXIMUM BENEFIT: share of the above employees' benefits is limited to 50% of the commission override on a twelve-month-rolling scale as outlined below.

Adjusted Gross Agency Allowance Agency Payout Allowance

(Variable Life, Variable Annuities and Mutual Funds)

	Agent
\$0 - \$12,499	10%
\$12,500 - \$24,999	20%
\$25,000 - \$49,999	25%
\$50,000 - \$99,999	30%
\$100,000 - \$249,999	35%
\$250,000	40%

Date

Date

CORPORATE AGREEMENT BETWEEN
AND

REGISTERED REP. OF

Whereas _____ Registered Representative of _____ (_____), is licensed to sell securities of various kinds, and whereas _____ is not licensed to sell securities but provides total office support for Mr. _____ in the sales and service of said security clients, and whereas _____ can only pay commission to Mr. _____ as a registered representative, it becomes necessary for Mrs. _____ to assign said commissions to _____ (_____) for use in providing monthly income as well as sales and service support to securities clients sold by

An agreement is entered into this day, May 3rd, 2000, whereby _____ assigns to _____ all commissions received to date from _____ and will assign all future commissions in the same manner. This agreement is retroactive to February 1st, 2000. (Mrs. _____ began drawing salary on January 1st, 2000, but the first month's salary was a training salary and not reimbursable to _____)

_____ pays said commission to Mrs. _____ via check or electronic transfer of funds to her personal checking account. It is hereby agreed that, when such funds are received, Mrs. _____ will write a check from her personal account to _____ to transfer commissions.

A separate accounting will be maintained for Mrs. _____ at _____ into which commissions from _____ will be paid and from which monthly salary will be distributed as earned. The salary advance shall be paid on the 5th and 20th of each month. The commission transfer check from Mrs. _____ shall be due and payable to _____ on the same date as the salary advance. When the salary advance reserve account exceeds three month's salary, a bonus may be paid equal to full commission. At that time the base salary may also be renegotiated providing both parties agree.

Maximum indebtedness incurred is limited as follows: during the first 7 months (1st month free)--2 month's salary, second 6 months--1.5 month's salary, 3rd & 4th six months--1 month's salary. At the end of this period this agreement may be renegotiated.

Mrs. _____ will be treated as an employee of _____ in every respect. Taxes withheld from each paycheck will include Fica, Medicare, Federal and State withholding as well as employee matching Simple contributions (if applicable) plus any voluntary employee deductions.

In addition to the salary advance paid to Mrs. _____ each month, _____ agrees to reimburse Mrs. _____ up to \$250.00 per month for client meals. In order to receive this reimbursement, Mrs. _____ must submit a monthly expense voucher with costs itemized. _____ also agrees to reimburse Mrs. _____ up to \$200 maximum for mileage for appointments outside the _____ area. This will require the monthly submission of a mileage reimbursement form.

Date

Date