



For Immediate Release

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MADIGAN SUES COMPANIES FOR USING DECEPTIVE MAILERS TO GENERATE LEADS FOR ANNUITY SALES TO SENIOR CITIZENS

Chicago - Attorney General Lisa Madigan announced her office filed two lawsuits against companies that allegedly used deceptive, unsolicited mailers to target senior citizens. The companies used the mailers to obtain personal financial information to develop sales leads for insurance agents to sell annuities and other insurance products.

According to Madigan's complaint, seniors who respond to these mailings are not told their personal financial information may be used as leads for insurance agents, telemarketers, or others who may later try to persuade them to buy annuities and other insurance products.

The first of Madigan's lawsuits, filed Friday, August 25, in Sangamon County Circuit Court against Investors Union, LLC d/b/a Annuity Service Center, its Managing Director, Peter Bonnell, and President of Marketing, Linda Bakalis, targets allegedly deceptive postcards the defendants mailed to Illinois senior citizens. Investors Union, LLC is an Ohio company that creates, mails and processes direct mail postcards to consumers between the ages of 55 and 84 to obtain "qualified" appointments for independent insurance agents. Investors Union markets these leads to independent insurance agents.

The postcard Investors Union sends to consumers states "Dear Annuity Holder: This notice is to inform you that you may have an annuity that has reached the end of its surrender period. Please contact Bob Walker in the annuity service center to discuss your options.

800-560-9448." Madigan's complaint alleges Investors Union has no way of knowing whether consumers have an annuity or whether such an annuity has reached the end of its surrender period.

Madigan's complaint further alleges that when consumers call the number on the postcard, Investors Union call center agents determine if the consumer is "qualified," or has the amount and type of assets required to schedule an appointment with an independent insurance agent. If the call center agents find a consumer to be "qualified," they allegedly offer the consumer a free review of existing annuities and other investments. In her complaint, Madigan alleges that while Investors Union describes the offer to consumers as a free review, it

is really offering a sales presentation for annuities and other insurance products by an independent insurance agent.

Madigan's second lawsuit, also filed Friday in Sangamon County Circuit Court, is directed at similar alleged deceptive practices by Kansas companies Senior Benefit Services of Kansas, Inc. and American Investors Life Insurance Co., and Mark Heitz, President and CEO of American Investors Life and Director of Senior Benefit Services.

Madigan's complaint alleges that Senior Benefit Services sent numerous unsolicited mailers to senior citizens. The mailers purport to help educate the recipients about the probate process, elder law, and Medicare. Madigan's complaint alleges that announcements such as "Important Probate Information," "Important Elder Law Update," and "Change in Your Medicare Benefits" are crafted as attention getters, prompting seniors to quickly complete, sign and return an attached reply card. These mailers do not disclose where the mailers are from, or to whom the reply card is being sent. In the complaint, Madigan alleges that the reply cards are processed by Senior Benefit Services Marketing Support Group call center located in Ft. Worth, Texas.

According to the complaint, seniors who send in the reply cards are contacted by Senior Benefit Services call center agents who determine if they are "qualified prospects." A "qualified prospect" is someone between the ages of 55 and 85 with a certain amount and type of assets. If the consumer is determined to be a "qualified prospect," the complaint alleges, the call center agent schedules an appointment in the senior's home with an insurance agent who has a commission agreement with Senior Benefit Services.

According to the allegations in Madigan's complaint, hundreds of Illinois seniors have scheduled appointments as a result of these methods. At least one consumer believed the appointment was with an estate planner from a government sponsored senior advocacy program. The appointment was in fact with an insurance agent who persuaded the senior citizen to use \$170,000 from an IRA, representing nearly all of the senior's liquid assets, to purchase a deferred equity indexed annuity with significant surrender charges issued by American Investors Life Insurance Co.

Madigan's complaint alleges the defendants fail to disclose that the direct mail advertisement sent to consumers is in fact a lead generating device for defendants and their insurance agents, and that the true purpose of the appointment is an annuity sales presentation conducted by an insurance agent.

"Seniors should be wary of unsolicited offers of free advice, especially if they are asked to divulge personal financial information, such as listing their income and assets," Madigan warned.

Furthermore, Madigan urges seniors to do their homework before purchasing an annuity. "Annuities are investments, and it's important to investigate before investing. It's particularly important for seniors to examine not only the features of the proposed investment, but also his or her financial, health and personal situation and goals to determine whether the proposed investment is suitable," Madigan said.

To assist seniors in deciding whether to invest in an annuity and, if so, what type of annuity, the Illinois Department of Financial and Professional Regulation, Division of Insurance offers the following advice:

HOW DO I KNOW IF AN EQUITY-INDEXED ANNUITY IS RIGHT FOR ME?

The questions listed below may help you decide which type of annuity, if any, meets your retirement planning and financial needs. You should consider what your goals are for the money you may put into the annuity. You need to think about how much risk you're willing to take with the money. Ask yourself:

- How long can I leave my money in the annuity?
- What do I expect to use the money for in the future?
- Am I interested in a variable annuity with the potential for higher earnings that are not guaranteed and willing to risk losing the principal?
- Is a guaranteed interest rate more important to me, with little or no risk of losing the principal?
- Or, am I somewhere in between these two extremes and willing to take some risks?

The full publication from the Illinois Department of Financial and Professional Regulation, Division of Insurance, *Buyer's Guide to Equity-Indexed Annuities*, is available online at

www.idfpr.com/DOI/Life_Annuities/equityindex.asp

Also, the Illinois Securities Department of the Secretary of State's provides tips on avoiding investment fraud, called *Senior Citizens and Securities Fraud*, at

www.cyberdriveillinois.com/publications/securitiespub.html

Assistant Attorney General Rebecca Pruitt is handling the cases for Madigan's Consumer Protection Division.

Consumers who believe they may have responded to a deceptive mail solicitation may contact Attorney General Madigan's Consumer Fraud Bureau at 1-800-243-0618 to request a consumer complaint form or may obtain a complaint form online at www.illinoisattorneygeneral.gov

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