

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: FIDELITY ASSURANCE ASSOCIATES)
LLC, ITS OFFICERS, DIRECTORS,)
EMPLOYEES, AGENTS,) File Number 0400451
AFFILIATES, SUCCESSORS)
AND ASSIGNS)

CONSENT ORDER

TO THE RESPONDENT: Fidelity Assurance Associates, LLC
3050 K. Street, NW Suite 205
Washington, DC 20007

WHEREAS, Fidelity Assurance Associates, LLC on October 16, 2006 executed a certain Stipulation To Entry Of Consent Order (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, the Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing in this matter and the Respondent has consented to the entry of this Consent Order.

WHEREAS, the Secretary of State, by and through his designated representative, the Securities Director, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceeding.

WHEREAS, the Respondent has acknowledged that the allegations contained in paragraph seven (7) of the Stipulation shall be adopted as the Secretary of State's Findings of Fact as follows:

1. That the Respondent, Fidelity Assurance Associates, LLC is a Delaware limited liability company.
2. That from on or about January 2003 through December 2005 Fidelity Assurance Associates, LLC offered and sold, to

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Illinois investors investments in Viatical Settlement Contracts.

3. That the above-referenced Viatical Settlement Contracts are securities as that term is defined pursuant to Section 2.1 of the Illinois Securities Law [815 ILCS 5/1 et seq.] (the "Act").
4. That Section 5 of the Act provides, inter alia, that all securities except those set forth under Section 2a, or those exempt under Section 3, or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois.
5. That at all times relevant hereto, the Viatical Settlement Contracts issued by Fidelity Assurance Associates, LLC to investors were not registered with the Secretary of State pursuant to Section 5 of the Act prior to their offer or sale in the State of Illinois.
6. That Section 12.A of the Act provides, inter alia, that it shall be a violation of the Act for any person to offer or sell any securities except in accordance with the provisions of the Act.
7. That Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any document required to be filed under any provision of the Act.
8. That at all times relevant hereto, the Respondent, Fidelity Assurance Associates, LLC failed to file an application for registration of the above referenced securities with the Secretary of State prior to their offer or sale in the State of Illinois.
9. That by virtue of the foregoing, the Respondent, Fidelity Assurance Associates, LLC has violated Sections 12.A and 12.D of the Act.
10. That Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any

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person has violated subsection D of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State.

11. That Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act.
12. That by virtue of the foregoing, the Respondent, Fidelity Assurance Associates, LLC is subject to a fine of up to \$10,000.00 per violation and an order which permanently prohibits the Respondent from offering or selling securities in the State of Illinois.

WHEREAS, the Respondent has acknowledged that the allegations contained in paragraph eight (8) of the Stipulation shall be adopted as the Secretary of State's Conclusion of Law as follows:

1. That by virtue of the foregoing, Fidelity Assurance Associates, LLC has violated Sections 12.A and D of the Act; and
2. That by virtue of the foregoing, Fidelity Assurance Associates, LLC is subject to a fine of up to \$10,000 per violation and an Order of Prohibition.

NOW THEREFORE IT IS HEREBY ORDERED THAT:

1. The allegations contained in paragraphs seven (7) and eight (8) of the Stipulation shall be and are hereby adopted as the Secretary of State's Findings of Fact and Conclusion of Law;
2. The Respondent shall pay a fine of \$2,500 to the Securities Audit and Enforcement Fund by check made payable to the Secretary of State within fifteen (15) days from the entry of the Consent Order;

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3. The Respondent is hereby prohibited from offering and/or selling securities in the State of Illinois.
4. The Respondent shall make an offer of Rescission to the following persons designated in Exhibit A to this Consent Order in the following manner:
 - a. Within ten days of the entry of the Consent Order the Respondent shall submit a proposed offer of rescission in the format as outlined in Exhibit B of the Consent Order to the Illinois Securities Department.
 - b. If the proposed offer of rescission is found to be not objectionable by the Department then the Respondent shall send the offer by certified mail within fifteen days of receiving notice from the Department to all persons identified in Exhibit A. If the proposed offer is found to be objectionable the Department will so indicate to the Respondent and will detail what changes or additions need to be made to the proposed offer. The Respondent will have ten business days from the date they are given notice from the Department to submit a new/revised proposed offer to the Department for consideration.
 - c. The Respondent shall tender payment by check to each investor who chooses to accept rescission and shall complete payment to all investors within ninety days of the date that the rescission offer is sent.
 - d. Within one hundred days of the date that the offer of rescission is sent the Respondent shall submit to the Department an affidavit certifying as true copies of documents submitted and setting forth the following: That the offer of rescission was sent out by certified mail to all persons identified in Exhibit A of the Consent Order, that all persons who accepted rescission were paid by the Respondent and that all of the terms of the rescission offer were completed by the Respondent. The affidavit shall also have attached to it copies of all responses

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received by the Respondent in reply to the offer of rescission, and copies of any checks sent out; and

5. The formal hearing scheduled on this matter is hereby dismissed without further proceeding.

ENTERED: This 16th day of October, 2006.



JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"). Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony.

Attorney for the Secretary of State:
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