

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 99501 / February 9, 2024**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 6550 / February 9, 2024**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-21850**

**In the Matter of**

**Northwestern Mutual Investment  
Services, LLC, Northwestern  
Mutual Investment Management  
Company, LLC, and Mason Street  
Advisors, LLC,**

**Respondents.**

**ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS,  
PURSUANT TO SECTIONS 15(b) AND 21C  
OF THE SECURITIES EXCHANGE ACT OF  
1934 AND SECTIONS 203(e) AND 203(k) OF  
THE INVESTMENT ADVISERS ACT OF  
1940, MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS AND A CEASE-  
AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Northwestern Mutual Investment Services, LLC (“NMIS”) and Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) against Northwestern Mutual Investment Management Company, LLC (“NMIMC”) and Mason Street Advisors, LLC (“MSA”) (collectively “Respondents”).

**II.**

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (“Offers”) that the Commission has determined to accept. Respondents admit the facts set forth in Section III below, acknowledge that their conduct violated the federal securities laws, admit the Commission’s jurisdiction over them and the subject matter of these proceedings, and consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 and

Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondents’ Offers, the Commission finds<sup>1</sup> that

#### Summary

1. The federal securities laws impose recordkeeping requirements on broker-dealers and registered investment advisers to ensure that they responsibly discharge their crucial role in our markets. The Commission has long said that compliance with these requirements is essential to investor protection and the Commission’s efforts to further its mandate of protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation.

2. These proceedings arise out of the widespread and longstanding failure of NMIS, NMIMC and MSA personnel throughout the firms, including at senior levels, to adhere to certain of these essential requirements and the firms’ own policies. Using their personal devices, these personnel communicated both internally and externally by personal text messages (“off-channel communications”).

3. From at least January 2019, NMIS personnel sent and received off-channel communications that related to NMIS’s broker-dealer business, and NMIMC and MSA personnel sent and received off-channel communications that related to recommendations made or proposed to be made and advice given or proposed to be given. Respondents did not maintain or preserve the substantial majority of these written communications. Respondents’ failures were firm-wide and involved personnel at various levels of authority. As a result, NMIS violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder and NMIMC and MSA violated Section 204 of the Advisers Act and Rule 204-2(a)(7) thereunder.

4. NMIS’s, NMIMC’s, and MSA’s supervisors, who were responsible for supervising junior personnel, routinely communicated off-channel using their personal devices. In fact, a senior executive, a managing director, and senior supervisors responsible for supervising junior personnel themselves failed to comply with NMIS’s, NMIMC’s, and MSA’s policies by communicating using non-NMIS, NMIMC or MSA approved methods on their personal devices about NMIS’s broker-dealer and/or NMIMC’s or MSA’s investment adviser businesses, as applicable.

5. NMIS’s, NMIMC’s and MSA’s widespread failure to implement their policies and procedures that prohibit such communications led to their failure reasonably to supervise their personnel within the meaning of Section 15(b)(4)(E) of the Exchange Act, with respect to NMIS, and Section 203(e)(6) of the Advisers Act, with respect to NMIMC and MSA.

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<sup>1</sup> The findings herein are made pursuant to Respondents’ Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

6. During the time period that NMIS failed to maintain and preserve off-channel communications that its personnel sent and received related to NMIS's broker-dealer business, NMIS received and responded to Commission subpoenas for documents and/or records requests in several Commission investigations. As a result, NMIS's recordkeeping failures likely impacted the Commission's ability to carry out its regulatory functions and investigate violations of the federal securities laws across these investigations.

7. Commission staff uncovered NMIS's, NMIMC's and MSA's misconduct after commencing a risk-based initiative to investigate the use of off-channel and unpreserved communications at broker-dealers. NMIS, NMIMC and MSA have initiated a review of their recordkeeping failures and begun a program of remediation. As set forth in the Undertakings below, NMIS, NMIMC and MSA will retain an independent compliance consultant to review and assess NMIS's, NMIMC's and MSA's remedial steps relating to NMIS's, NMIMC's and MSA's recordkeeping practices, policies and procedures, related supervisory practices, and employment actions.

### **Respondents**

8. **NMIS** is a Wisconsin limited liability company with its principal office in Milwaukee, Wisconsin, and is registered with the Commission as a broker-dealer and investment adviser.

9. **NMIMC** is a Delaware limited liability company with its principal office in Milwaukee, Wisconsin, and is registered with the Commission as an investment adviser.

10. **MSA** is a Delaware limited liability company with its principal office in Milwaukee, Wisconsin, and is registered with the Commission as an investment adviser.

### **Recordkeeping Requirements under the Exchange and Advisers Acts**

11. Section 17(a)(1) of the Exchange Act and Section 204 of the Advisers Act authorize the Commission to issue rules requiring, respectively, broker-dealers and investment advisers to make and keep for prescribed periods, and furnish copies of, such records as necessary or appropriate in the public interest, for the protection of investors or otherwise in furtherance of the purposes of the Exchange Act and the Advisers Act.

12. The Commission adopted Rule 17a-4 under the Exchange Act and Rule 204-2 under the Advisers Act pursuant to this authority. These rules specify the manner and length of time that the records created in accordance with Commission rules, and certain other records produced by broker-dealers, or investment advisers, must be maintained and produced promptly to Commission representatives. The rules adopted under Section 17(a)(1) of the Exchange Act, including Rule 17a-4(b)(4), require that broker-dealers preserve in an easily accessible place originals of all communications received and copies of all communications sent relating to the firm's business as such. These rules impose minimum recordkeeping requirements that are based on standards a prudent broker-dealer should follow in the normal course of business.

13. The rules adopted under Advisers Act Section 204, including Advisers Act Rule 204-2(a)(7), require that investment advisers preserve in an easily accessible place originals of all communications received and copies of all written communications sent relating to among other things, any recommendations made or proposed to be made and any advice given or proposed to be given.

14. The Commission previously has stated that these and other recordkeeping requirements “are an integral part of the investor protection function of the Commission, and other securities regulators, in that the preserved records are the primary means of monitoring compliance with applicable securities laws, including antifraud provisions and financial responsibility standards.” Commission Guidance to Broker-Dealers on the Use of Electronic Storage Media under the Electronic Signatures in Global and National Commerce Act of 2000 with Respect to Rule 17a-4(f), 17 C.F.R. Part 241, Exchange Act Rel. No. 44238 (May 1, 2001).

### **NMIS’s, NMIMC’s and MSA’s Policies and Procedures**

15. NMIS, NMIMC and MSA maintained certain policies and procedures designed to ensure the retention of business-related records, including electronic communications, in compliance with the relevant recordkeeping provisions.

16. NMIS’s, NMIMC’s and MSA’s personnel were advised that the use of unapproved electronic communications methods, including on their personal devices, was not permitted, and they should not use personal email, chats or text messaging applications for business purposes, or forward work-related communications to unapproved applications on their personal devices.

17. Messages sent through NMIS’s, NMIMC’s and MSA’s approved communications methods were monitored, subject to review, and, when appropriate, archived. Messages sent through unapproved communications methods, such as unapproved applications on personal devices, were not monitored, subject to review or archived.

18. NMIS’s, NMIMC’s and MSA’s policies were designed to address supervisors’ supervision of personnel training in NMIS’s, NMIMC’s and MSA’s communications policies and adherence to NMIS’s, NMIMC’s and MSA’s respective books and recordkeeping requirements. Supervisory policies notified personnel that electronic communications were subject to surveillance by NMIS, NMIMC or MSA. NMIS, NMIMC and MSA had procedures for all personnel, including supervisors, requiring annual self-attestations of compliance.

19. NMIS, NMIMC and MSA, however, failed to implement a system of follow-up and review to determine that supervisors were reasonably following NMIS’s, NMIMC’s or MSA’s policies. While permitting personnel to use approved communications methods, including on personal phones, for business communications, NMIS, NMIMC and MSA failed to implement sufficient monitoring to assure that their recordkeeping and communications policies were being followed.

## **NMIS's, NMIMC's and MSA's Recordkeeping Failures Across Their Businesses**

20. In September 2021, the Commission staff commenced a risk-based initiative to investigate whether broker-dealers were properly retaining business-related messages sent and received on personal devices. NMIS, NMIMC and MSA cooperated with the investigation by voluntarily gathering and reviewing communications from the personal devices of a sampling of senior personnel. These personnel included senior leadership, including individuals in wealth and investment management, private debt and equity, private equity funds, and product and administration.

21. The Commission staff's investigation uncovered pervasive off-channel communications at various seniority levels of NMIS's broker-dealer and NMIMC's and MSA's investment advisers. The staff requested off-channel communications data from a sampling of NMIS's broker-dealer and NMIMC's and MSA's investment adviser personnel and found that certain of the individuals had engaged in at least some level of off-channel communications. Overall, these personnel sent and received off-channel communications involving NMIS's, NMIMC's or MSA's more junior personnel, NMIMC's parent company, which is an NMIMC investment advisory client, and external contacts in the securities industry. NMIS's communications related to the broker-dealer business as such, and NMIMC's and MSA's communications related to advice given or proposed to be given to investment advisory clients.

22. From at least January 2019, NMIS personnel sent and received off-channel messages that concerned the business of the broker-dealer. During this period, NMIMC and MSA personnel sent and received off-channel messages that related to, among other things, recommendations made or proposed to be made and investment advice given or proposed to be given to advisory clients.

23. For example, in June and July 2022, an NMIS Vice-President exchanged off-channel messages with another NMIS colleague and with a junior employee under their supervision. These messages related to the broker-dealer's business as such.

24. In another example, from June to November 2021, an NMIMC Managing Partner exchanged off-channel messages with NMIMC colleagues and other external contacts in the securities industry. These messages related to investment advice proposed to be given to advisory clients.

25. In a final example, in January 2022, a senior officer at MSA exchanged off-channel messages with another MSA employee regarding investment advice proposed to be given to advisory clients.

## **NMIS's Failure to Preserve Required Records Potentially Compromised and Delayed Commission Matters**

26. Between January 2019 and the present, NMIS received and responded to Commission subpoenas for documents and/or records requests in Commission investigations.

By failing to maintain and preserve required records relating to its business, NMIS likely deprived the Commission of these off-channel communications in various investigations.

### **NMIS's, NMIMC's and MSA's Violations and Failure to Supervise**

27. As a result of the conduct described above, from at least January 2019 through the date of this Order, NMIS willfully<sup>2</sup> violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder, which require broker-dealers to preserve for at least three years originals of all communications received and copies of all communications sent relating to its business as such.

28. As a result of the conduct described above, from at least January 2019 through the date of this Order, NMIMC and MSA willfully violated Section 204 of the Advisers Act and Rule 204-2(a)(7) thereunder, which require investment advisers to preserve in an easily accessible place originals of all written communications received and copies of all written communications sent relating to, among other things, any recommendations made or proposed to be made and any advice given or proposed to be given.

29. As a result of the conduct described above, NMIS failed reasonably to supervise its personnel with a view to preventing or detecting certain of its personnel aiding and abetting violations of Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder, within the meaning of Section 15(b)(4)(E) of the Exchange Act.

30. As a result of the conduct described above, NMIMC and MSA failed reasonably to supervise their personnel with a view to preventing or detecting certain of its personnel aiding and abetting violations of Section 204 of the Advisers Act and Rule 204-2(a)(7) thereunder, within the meaning of Section 203(e)(6) of the Advisers Act.

### **NMIS's, NMIMC's and MSA's Remedial Efforts**

31. In determining to accept the Offers, the Commission considered steps promptly undertaken by NMIS, NMIMC and MSA, in part before the Commission's inquiry, and cooperation afforded the Commission staff.

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<sup>2</sup> "Willfully," for purposes of imposing relief under Section 15(b) of the Exchange Act and Section 203(e) of the Advisers Act "means no more than that the person charged with the duty knows what he is doing." See *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965). The decision in *The Robare Group, Ltd. v. SEC*, which construed the term "willfully" for purposes of a differently structured statutory provision, does not alter that standard. 922 F.3d 468, 478-79 (D.C. Cir. 2019) (setting forth the showing required to establish that a person has "willfully omit[ted]" material information from a required disclosure in violation of Section 207 of the Advisers Act).

## Undertakings

32. Prior to this action, Respondents enhanced their policies and procedures; increased training concerning the use of approved communications methods, including on personal devices; and began implementing changes to the technology available to personnel. In addition, Respondents have undertaken to:

### Independent Compliance Consultant.

a. NMIS, NMIMC and MSA shall each retain, within thirty (30) days of the entry of this Order, the services of an independent compliance consultant (“Compliance Consultant”) that is not unacceptable to the Commission staff. The Compliance Consultant’s compensation and expenses shall be borne exclusively by NMIS, NMIMC and MSA.

b. NMIS, NMIMC and MSA will oversee the work of the Compliance Consultant.

c. NMIS, NMIMC and MSA shall provide to the Commission staff, within sixty (60) days of the entry of this Order, a copy of the engagement letter detailing the Compliance Consultant’s responsibilities, which shall include a comprehensive compliance review as described below. NMIS, NMIMC and MSA shall require that, within ninety (90) days of the date of the engagement letter, the Compliance Consultant conduct:

i. A comprehensive review of NMIS’s, NMIMC’s and MSA’s supervisory, compliance, and other policies and procedures designed to ensure that NMIS’s, NMIMC’s and MSA’s electronic communications, including those found on personal electronic devices, including without limitation, cellular phones (“Personal Devices”), are preserved in accordance with the requirements of the federal securities laws.

ii. A comprehensive review of training conducted by NMIS, NMIMC and MSA to ensure NMIS’s, NMIMC’s and MSA’s personnel are complying with the requirements regarding the preservation of electronic communications, including those found on Personal Devices, in accordance with the requirements of the federal securities laws, including by ensuring that NMIS’s, NMIMC’s and MSA’s personnel certify in writing on a quarterly basis that they are complying with preservation requirements.

iii. An assessment of the surveillance program measures implemented by NMIS, NMIMC and MSA to ensure compliance, on an ongoing basis, with the

requirements found in the federal securities laws to preserve electronic communications, including those found on Personal Devices.

iv. An assessment of the technological solutions that NMIS, NMIMC and MSA have begun implementing to meet the record retention requirements of the federal securities laws, including an assessment of the likelihood that NMIS's, NMIMC's and MSA's personnel will use the technological solutions going forward and a review of the measures employed by NMIS, NMIMC and MSA to track usage of new technological solutions by personnel.

v. An assessment of the measures used by NMIS, NMIMC and MSA to prevent the use of unauthorized communications methods for business communications by personnel. This assessment should include, but not be limited to, a review of NMIS's, NMIMC's and MSA's policies and procedures to ascertain if they provide for any significant technology and/or behavioral restrictions that help prevent the risk of the use of unapproved communications methods on Personal Devices (e.g., trading floor restrictions).

vi. A review of NMIS's, NMIMC's and MSA's electronic communications surveillance routines to ensure that electronic communications through approved communications methods found on Personal Devices are incorporated into NMIS's, NMIMC's and MSA's overall communications surveillance program.

vii. A comprehensive review of the framework adopted by NMIS, NMIMC and MSA to address instances of non-compliance by NMIS's, NMIMC's and MSA's personnel with NMIS's, NMIMC's and MSA's policies and procedures concerning the use of Personal Devices to communicate about NMIS, NMIMC and MSA business in the past. This review shall include a survey of how NMIS, NMIMC and MSA determined which personnel failed to comply with NMIS's, NMIMC's and MSA's policies and procedures, the corrective action carried out, an evaluation of who violated policies and why, what penalties were imposed, and whether penalties were handed out consistently across business lines and seniority levels.

d. NMIS, NMIMC and MSA shall require that, within forty-five (45) days after completion of the review set forth in sub-paragraphs 32.c.i. through 32.c.vii. above, the Compliance Consultant shall submit a detailed written report of its findings to NMIS, NMIMC and MSA and to the Commission staff (the "Report"). NMIS, NMIMC and MSA shall require that the Report include a description of the review performed, the names of the individuals who performed the review, the conclusions reached, the Compliance Consultant's recommendations for changes in or improvements to NMIS's, NMIMC's and MSA's policies and procedures, and a summary of the plan for implementing the recommended changes in or improvements to NMIS's, NMIMC's and MSA's policies and procedures.



e. NMIS, NMIMC and MSA shall adopt all recommendations contained in the Report within ninety (90) days of the date of the Report; provided, however, that within forty-five (45) days after the date of the Report, NMIS, NMIMC, and MSA shall advise the Compliance Consultant and the Commission staff in writing of any recommendations that NMIS, NMIMC or MSA consider to be unduly burdensome, impractical, or inappropriate. With respect to any recommendation that NMIS, NMIMC or MSA consider unduly burdensome, impractical, or inappropriate, NMIS, NMIMC or MSA need not adopt such recommendation at that time, but shall propose in writing an alternative policy, procedure, or disclosure designed to achieve the same objective or purpose.

f. As to any recommendation concerning NMIS's, NMIMC's or MSA's policies or procedures on which NMIS, NMIMC or MSA and the Compliance Consultant do not agree, NMIS, NMIMC or MSA and the Compliance Consultant shall attempt in good faith to reach an agreement within sixty (60) days after the date of the Report. Within fifteen (15) days after the conclusion of the discussion and evaluation by NMIS, NMIMC and MSA and the Compliance Consultant, NMIS, NMIMC and MSA shall require that the Compliance Consultant inform NMIS, NMIMC and MSA and the Commission staff in writing of the Compliance Consultant's final determination concerning any recommendation that NMIS, NMIMC or MSA considers to be unduly burdensome, impractical, or inappropriate. NMIS, NMIMC and MSA shall abide by the determinations of the Compliance Consultant and, within sixty (60) days after final agreement between NMIS, NMIMC and MSA and the Compliance Consultant or final determination by the Compliance Consultant, whichever occurs first, NMIS, NMIMC and MSA shall adopt and implement all of the recommendations that the Compliance Consultant deems appropriate.

g. NMIS, NMIMC and MSA shall cooperate fully with the Compliance Consultant and shall provide the Compliance Consultant with access to such of NMIS's, NMIMC's and MSA's files, books, records, and personnel as are reasonably requested by the Compliance Consultant for review.

h. NMIS, NMIMC and MSA shall not have the authority to terminate the Compliance Consultant or substitute another compliance consultant for the initial Compliance Consultant, without the prior written approval of the Commission staff. NMIS, NMIMC and MSA shall compensate the Compliance Consultant and persons engaged to assist the Compliance Consultant for services rendered under this Order at their reasonable and customary rates.

i. For the period of engagement and for a period of two years from completion of the engagement, NMIS, NMIMC and MSA shall not (i) retain the Compliance Consultant for any other professional services outside of the services described in this Order; (ii) enter into any other professional relationship with the Compliance Consultant, including any employment, consultant, attorney-client, auditing or other professional relationship; or (iii) enter, without prior written consent of the Commission staff, into any such professional relationship with any of the Compliance Consultant's present or former

affiliates, employers, directors, officers, employees, or agents acting in their capacity as such.

j. The Report by the Compliance Consultant will likely include confidential financial, proprietary, competitive business or commercial information. Public disclosure of the Report could discourage cooperation, impede pending or potential government investigations, or undermine the objectives of the reporting requirement. For these reasons, among others, the Report and the contents thereof are intended to remain and shall remain non-public, except (1) pursuant to court order, (2) as agreed to by the parties in writing, (3) to the extent that the Commission determines in its sole discretion that disclosure would be in furtherance of the Commission's discharge of its duties and responsibilities, or (4) as otherwise required by law.

33. One-Year Evaluation. NMIS, NMIMC and MSA shall each require the Compliance Consultant to assess NMIS's, NMIMC's and MSA's programs for the preservation, as required under the federal securities laws, of electronic communications, including those found on Personal Devices, commencing one year after submitting the Report required by Paragraph 32.d above. NMIS, NMIMC and MSA shall require this review to evaluate NMIS's, NMIMC's and MSA's progress in the areas described in Paragraph 32.c.i-vii above. After this review, NMIS, NMIMC and MSA shall require the Compliance Consultant to submit a report (the "One Year Report") to each of NMIS, NMIMC and MSA and the Commission staff and shall ensure that the One Year Report includes an updated assessment of NMIS's, NMIMC's and MSA's policies and procedures with regard to the preservation of electronic communications (including those found on Personal Devices), training, surveillance programs, and technological solutions implemented in the prior year period.

34. Reporting Discipline Imposed. For two years following the entry of this Order, NMIS, NMIMC and MSA shall notify the Commission staff as follows upon the imposition of any discipline imposed by NMIS, NMIMC or MSA, including, but not limited to, written warnings, loss of any pay, bonus, or incentive compensation, or the termination of employment, with respect to any personnel found to have violated NMIS's, NMIMC's or MSA's policies and procedures concerning the preservation of electronic communications, including those found on Personal Devices: at least 48 hours before the filing of a Form U-5, or within ten (10) days of the imposition of other discipline.

35. Internal Audit. In addition to the Compliance Consultant's review and issuance of the One Year Report, NMIS, NMIMC and MSA will each also have their respective Internal Audit function conduct a separate audit(s) to assess NMIS's, NMIMC's and MSA's progress in the areas described in Paragraph 32.c.i-vii above. After completion of this audit(s), NMIS, NMIMC and MSA shall ensure that Internal Audit submits a report to each of NMIS, NMIMC and MSA and to the Commission staff.

36. Recordkeeping. NMIS shall preserve, for a period of not less than six (6) years from the end of the fiscal year last used, the first two (2) years in an easily accessible place, any record of compliance with these undertakings. NMIMC and MSA shall each preserve any record of compliance with these undertakings in an easily accessible place for a period of not less than

five (5) years from the end of the fiscal year during which the entry was made on such record, the first two (2) years in an appropriate office of NMIMC and MSA.

37. Deadlines. For good cause shown, the Commission staff may extend any of the procedural dates relating to the undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered to be the last day.

38. Certification. NMIS, NMIMC and MSA shall each certify, in writing, compliance with the undertakings set forth above. The certifications shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondents agree to provide such evidence. The certifications and supporting material shall be submitted to Amy S. Cotter, Assistant Director, Division of Enforcement, Chicago Regional Office, Securities and Exchange Commission, 175 W. Jackson Blvd., Suite 1450, Chicago, IL 60604, or such other person as the Commission staff may request, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of the completion of the undertakings.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act as to NMIS and Sections 203(e) and 203(k) of the Advisers Act as to NMIMC and MSA, it is hereby ORDERED that:

- A. NMIS cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Exchange Act and Rule 17a-4 thereunder.
- B. NMIMC and MSA cease and desist from committing or causing any violations and any future violations of Section 204 of the Advisers Act and Rule 204-2 thereunder.
- C. Respondents are censured.
- D. Respondents shall comply with the undertakings enumerated in paragraphs 32 to 38 above.
- E. Respondents shall, jointly and severally, within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$16,500,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

Payment must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying NMIS, NMIMC and MSA as the Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Amy S. Cotter, Assistant Director, Division of Enforcement, Chicago Regional Office, Securities and Exchange Commission, 175 W. Jackson Blvd., Suite 1450, Chicago, IL 60604.

F. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman  
Secretary