John Herman Schmidt

Notice of Intent to Invoke Administrative Sanctions

DATE: January 18, 2002 RESPONDENT: John Herman Schmidt of Lawrence, Kansas

ALLEGATIONS: Unregistered Securities, Unregistered Broker-Dealer or Agent and Effecting securities transactions not recorded on the regular books or records of the broker-dealer which the agent represents, unless the transactions are authorized in writing by the broker-dealer prior to execution of the transaction (Selling Away).

ORDER: The Commissioner alleges that during his employment as a registered representative with his former broker-dealer, NYLIFE Securities, Inc., Schmidt offered and sold unapproved securities in viatical settlement investments, promissory notes and ATM scrip machines without the authorization or consent of NYLIFE. The Commissioner further alleges that neither the investments nor Schmidt was duly registered in compliance with the Kansas Securities Act.

Consent Order

DATE: March 11, 2003 RESPONDENT: John Herman Schmidt of Lawrence, Kansas

ALLEGATIONS: Unregistered Securities, Unregistered Broker-Dealer or Agent and Effecting securities transactions not recorded on the regular books or records of the broker-dealer which the agent represents, unless the transactions are authorized in writing by the broker-dealer prior to execution of the transaction (Selling Away).

The Commissioner alleges that during his employment as a registered representative with his former broker-dealer, NYLIFE Securities, Inc., Schmidt offered and sold unapproved securities in viatical settlement investments, promissory notes and ATM scrip machines without the authorization or consent of NYLIFE. The Commissioner further alleges that neither the investments nor Schmidt was duly registered in compliance with the Kansas Securities Act.

ORDER: Schmidt's securities license is hereby revoked in Kansas. Schmidt was further ordered jointly and severally liable to pay a fine of $10,000 *In the Matter of Patsy L. Schmidt*. Schmidt neither admits or denies the allegations.

Notice to Investors: If you are not a resident of Kansas and have been affected by actions that are similar to those described in this synopsis, you should consider contacting your state securities regulator for assistance. To locate your securities regulator, go to the North American Securities Administrators Association website. If you choose to contact your state securities regulator, please inform him or her of the action taken by the State of Kansas.