

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010024617701**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Hartford Investment Financial Services, LLC Respondent
CRD No. 45995 and

Hartford Life Distributors, LLC, n/k/a Forethought Distributors, LLC Respondent
CRD No. 8326

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Hartford Investment Financial Services, LLC and Hartford Life Distributors, LLC (collectively, the "Respondents") submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondents alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondents hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Between February 2008 and February 2009 (the "Relevant Period"), the Respondents were affiliates and wholly-owned subsidiaries of Hartford Financial Services Group Inc., an insurance and wealth management company. Neither of the Respondents engaged in a retail business or marketed investment products directly to the public.

Hartford Investment Financial Services, LLC (CRD 45995) (HIFSCO): HIFSCO is a registered investment advisor and broker-dealer. The firm is based in Simsbury, Connecticut and currently employs approximately 109 registered and 249 unregistered employees. Between 2007 and 2009, HIFSCO served as the Chief Investment Advisor and Principal Underwriter and Exclusive Selling Agent for the Hartford Floating Rate

Fund (the "Fund"), as well as other The Hartford mutual funds. During this period, HIFSCO also approved for distribution marketing materials created by Hartford Life Distributors for the Fund and other The Hartford mutual funds. HIFSCO has been a FINRA member since 1998.

Hartford Life Distributors, LLC, n/k/a Forethought Distributors, LLC (CRD 8326)

(HLD): During the relevant period, HLD was a wholesale broker-dealer engaged primarily in the distribution of variable annuity and mutual fund products issued by Hartford Financial Services Group affiliates. During this period the firm was based in Wayne, Pennsylvania and employed approximately 311 registered and 14 unregistered employees. Between 2007 and 2009, HLD served as the Wholesale Distributor of the Fund, and other The Hartford mutual funds, and prepared and distributed HIFSCO-approved sales and marketing materials to retail firms that marketed The Hartford family of funds to investors. The firm, which was acquired by Forethought Financial Group, Inc. in December 2012, is now known as Forethought Distributors, LLC, and no longer engages in mutual fund distribution. HLD has been a FINRA member since 1980.

OVERVIEW

During the Relevant Period, HLD prepared and distributed numerous copies of a brochure called Staying Ahead of the Curve. The brochure discussed features of the Fund as an investment and was provided to downstream selling broker-dealers for use in the marketing and sale of the Fund to those firms' customers. The brochure was approved for distribution by HIFSCO.

The brochure made statements regarding the Fund that were unwarranted and misleading in light of changing conditions in the bank loan market. In particular, the brochure contained misleading statements that the Fund was appropriate for bond investors concerned about the price stability of their investments, provided the potential for greater price stability compared with other fixed income investments, and was appropriate for investors seeking some degree of capital preservation. Given the conditions in the bank loan market during the Relevant Period, these statements were not accurate.

The Respondents also failed to establish and maintain supervisory procedures and systems that were reasonably designed to ensure compliance with FINRA rules. Among other things, the firms' procedures were not reasonably designed to ensure that relevant information and market data about the Fund was conveyed to the individuals responsible for updating the Staying Ahead of the Curve Piece and that all statements in such materials were warranted and were not misleading.

FACTS AND VIOLATIVE CONDUCT

The Hartford Floating Rate Fund

Hartford's Floating Rate Fund was launched in April 2005. During the Relevant Period, the Fund's objective was to seek high current income and long term capital appreciation. At least 80% of the fund's assets were invested in senior secured floating rate bank loans extended to companies rated below investment grade and in below investment-grade fixed income securities. Because the interest rates on the types of loans in the portfolio periodically reset, their prices are typically less sensitive to interest rate changes. Before the credit crisis that began in the fall of 2007, the Net Asset Value (NAV) of the Fund was relatively stable.

While floating rate loans are less sensitive to interest rate risk, they are subject to substantial credit risks. As the credit crisis first began to unfold in mid-2007, the market for senior secured floating rate loans began to experience turbulence and become less liquid. By February 2008, the NAV of the Fund began to fluctuate significantly as it was forced to sell portfolio holdings into the market at a discount in order to raise cash to meet large fund outflows, and to cut the valuations on remaining portfolio holdings to reflect their market value. By December 2008, the Fund's NAV had decreased by nearly 40% from its pre-credit crisis levels, and by February 2009 the Fund's NAV was down by approximately 33%. The fluctuation of the Fund's NAV during this time was similar to the price movements of many other high-yield fixed income securities and funds.

The Staying Ahead of the Curve Brochure

The Staying Ahead of the Curve brochure was first created by HLD before 2007.¹ It described various attributes of the Fund as an investment. The brochure was intended for use by selling firms with those firms' customers in the marketing and sale of the Fund. The brochure was approved by HIFSCO for distribution to selling firms and for use with customers at least twice during the Relevant Period.

Among other things, the brochure contained the following statements:

“Who may benefit from this fund?

- Bond investors concerned about the price stability of their investments.
- Investors seeking moderately high income along with some degree of capital preservation.”

“If you find a fund which provides potential for greater price stability compared with other fixed income investments, then you have found The Hartford Floating Rate Fund.”

¹ The Staying Ahead of the Curve brochure was one of several different HIFSCO-approved marketing pieces for the Fund distributed by HLD during the Relevant Period.

HIFSCO and HLD Failed to Update the Staying Ahead of the Curve Marketing Piece

As Chief Investment Advisor to the Fund, HIFSCO monitored Fund performance and advised and made recommendations to the Fund's board of directors concerning investment strategy. In this role, HIFSCO was aware of the Fund's performance and of the market conditions relating to the Fund. By November 2007, HIFSCO reported to the Fund's board problems in the loan market that led to a number of large loan issuances being pulled from the market and that could lead to possible future defaults. HIFSCO also reported that in the previous quarter, the Fund had experienced significant volatility in its performance as a result of holding a higher concentration of lower quality loans and loss of liquidity in the market. Furthermore, the Fund had been required to sell assets to meet investor outflows.

In early February 2008, as the credit crisis worsened, HIFSCO provided another update on the Fund to the board. At this time, HIFSCO reported to the board that volatility in the fixed income markets had continued throughout the previous quarter, and acknowledged that what had been thought to be a short-term market volatility issue for the Fund was continuing.

The statements described above that were contained in the Staying Ahead of the Curve brochure were unwarranted and misleading. They did not accurately reflect the conditions in the bank loan market and the effect of those conditions on the Fund during the Relevant Period. However, HIFSCO and HLD continued to use the Staying Ahead of the Curve brochure without revising these statements. HIFSCO and HLD did not remove the statements until on or about February, 21 2009.

As approved by HIFSCO and distributed by HLD throughout 2008, the brochure continued to inaccurately characterize the Fund as "provid[ing] potential for greater price stability compared with other fixed income investments" and as appropriate for "investors concerned about the price stability of their investments" and "seeking . . . some degree of capital preservation." In fact, during this period, the Fund was not demonstrating greater price stability relative to other fixed income investments.²

Between February 2008, when HIFSCO became aware of conditions that rendered the statements inaccurate, and the removal of the statements in February 2009, HLD submitted the Staying Ahead of the Curve for HIFSCO's approval at least twice. HIFSCO approved the brochure for distribution both times. Consequently, during this period HLD distributed approximately 2,450 copies of Staying Ahead of the Curve

² In October 2007, the Respondents added the following disclosures in the footnotes of the Staying Ahead of the Curve brochure: The Fund "should not be considered an alternative to money market funds or CDs;" "Because the Fund invests mainly in investments rated below investment-grade, it is subject to heightened credit risks;" and "Share price, yield and total return may fluctuate more than with less aggressive loan and bond funds."

containing the misleading statements to downstream selling firms for use with their customers.³

Although the concerns regarding the market for senior loans and the Fund's increased volatility were reported to the Fund's board, none of the HIFSCO employees responsible for approving the Fund's advertising materials participated in the meetings where these concerns were discussed. The Respondents' written supervisory procedures also lacked any mechanism for ensuring that those responsible for drafting or reviewing advertising materials would be informed of material facts concerning relevant conditions in the bank loan market or the Fund's performance. As a consequence, over a period of 12 months, HIFSCO approved, and HLD continued to distribute, thousands of copies of the Staying Ahead of the Curve brochure that contained unwarranted and misleading statements.

Violations

Based on the foregoing, between February 2008 and February 2009, HIFSCO and HLD violated NASD Rule 2210 by distributing numerous copies of the Staying Ahead of the Curve brochure containing statements that, in light of conditions in the bank loan market, were unwarranted, misleading, not balanced, or that failed to provide a sound basis upon which to evaluate the Fund. During the same period, HIFSCO and HLD also violated NASD Rules 3010(a) and 3010(b) by failing to establish, maintain and enforce supervisory systems that were reasonably designed to achieve compliance with NASD Rule 2210. By virtue of these violations, HIFSCO and HLD also violated NASD Rule 2110 for conduct before December 15, 2008 and FINRA Rule 2010 for conduct after December 14, 2008.

B. Respondents also consent to the imposition of the following sanctions:

A censure and a fine in the amount of \$100,000, which is to be paid jointly and severally by them.

Respondents agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondents have submitted an Election of Payment form showing the method by which Respondents propose to pay the fine imposed.

Respondents specifically and voluntarily waive any right to claim that Respondents are unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

³ HIFSCO and HLD distributed other marketing pieces describing market conditions affecting the bank loan asset class during the Relevant Period. However, those pieces were distributed separately from the Staying Ahead of the Curve Brochure that contained the misleading and unwarranted statements addressed above.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondents specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against them;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondents specifically and voluntarily waive any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Respondents further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondents understand that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove

any of the allegations against me; and

C. If accepted:

1. this AWC will become part of Respondents' permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondents;
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondents' disciplinary record;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
4. Respondents may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondents may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

D. Respondents may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that Respondents may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

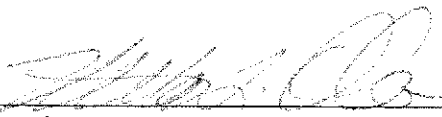
The undersigned, on behalf of the Respondents, certifies that a person duly authorized to act on its behalf has read and understand all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that the Respondents have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the Respondents to submit it.

4/10/13
Date (mm/dd/yyyy)

Hartford Investment Financial Services, LLC
Respondent

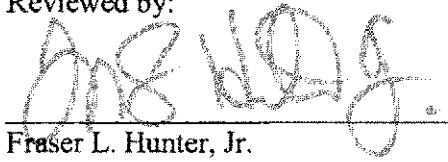
By: Edward P. McDonald
Vice President & CLO

01/10/2013
Date (mm/dd/yyyy)


Hartford Life Distributors, LLC
n/k/a Forethought Distributors, LLC
Respondent

By: Victoria L. Olson, Chief Compliance Officer

Reviewed by:

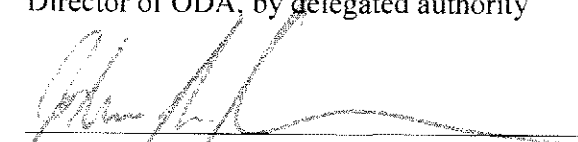
A handwritten signature in black ink, appearing to read "FLH", is written over a horizontal line.

Fraser L. Hunter, Jr.
Counsel for Respondents
Wilmer Cutler Pickering Hale & Dorr LLP
7 World Trade Center
250 Greenwich Street
New York, NY 10007
(212) 230-8882

Accepted by FINRA:

2/7/13
Date

Signed on behalf of the
Director of ODA, by delegated authority


Joshua R. Doolittle

Director, Enforcement Center
FINRA Department of Enforcement
15200 Omega Drive, 3rd Floor
Rockville, MD 20850