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9 UNITED STATES DISTRICT COURT
10 SOUTHERN DISTRICT OF CALIFORNIA
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12 SECURITIES AND EXCHANGE COMMISSION,

Case No. _____ - _____

13 Plaintiff,

COMPLAINT

14 v.

15 AMERICAN-AMICABLE LIFE INSURANCE
COMPANY OF TEXAS; PIONEER AMERICAN
16 INSURANCE COMPANY; and PIONEER
SECURITY LIFE INSURANCE COMPANY,
17

18 Defendants.
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21 Plaintiff Securities and Exchange Commission (the "Commission") alleges:

22 **SUMMARY OF THE ACTION**

23 1. This case involves misleading sales to thousands of military personnel of a product
24 consisting of life insurance coupled with an investment fund. Among other things, Defendants' sales
25 agents suggested that military personnel could become millionaires with the product when in fact the
26 majority of the participants earned little or nothing from their investment.

27 2. Defendants American-Amicable Life Insurance Company of Texas, Pioneer American
28 Insurance Company, and Pioneer Security Life Insurance Company (together, "American-Amicable")

1 or the “Company”) sold the product, named Horizon Life. Because military personnel already had
2 automatic access to low-cost government-sponsored life insurance and Horizon Life’s term life
3 insurance component was rather expensive, American-Amicable marketed Horizon Life primarily as
4 an investment product that could create wealth.

5 3. American-Amicable developed a sales program for companywide use in the military
6 market. Beginning in 2000, sales agents were trained to hold themselves out as “financial advisers”
7 or “financial coaches,” leading military personnel to believe the agents were objective advisers acting
8 in their best interests, rather than insurance agents selling a particular product. Sales agents misled
9 military personnel to believe they could earn \$1 million in 20 years if they put their money into the
10 investment fund. At the same time, agents denigrated other investments, saying that mutual funds,
11 bank savings accounts, and government bonds did not make sense. Agents also misled military
12 personnel by saying that the life insurance portion of Horizon Life cost nothing.

13 4. Because of the way Horizon Life was structured, members of the military could not
14 possibly earn \$1 million in 20 years by paying money into the investment fund. In reality, the
15 majority of military personnel who purchased Horizon Life earned little or nothing from their
16 investment.

17 5. By implementing this misleading sales program to promote investments in Horizon
18 Life, Defendants violated the securities laws.

19 **JURISDICTION AND VENUE**

20 6. The Commission brings this action pursuant to Section 20(b) of the Securities Act [15
21 U.S.C. § 77t(b)].

22 7. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities
23 Act [15 U.S.C. § 77v(a)].

24 8. Defendants, directly or indirectly, made use of the means or instrumentalities of
25 interstate commerce, or of the mails, or of the facilities of a national securities exchange in
26 connection with the transactions, acts, practices and courses of business alleged herein.
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