

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 56668 / October 17, 2007

INVESTMENT ADVISERS ACT OF 1940
Release No. 2671 / October 17, 2007

ADMINISTRATIVE PROCEEDING
File No. 3-12867

In the Matter of

STEPHEN J. MCLAUGHLIN,

Respondent.

ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS PURSUANT TO SECTION 15(b) OF THE SECURITIES EXCHANGE ACT OF 1934 AND SECTION 203(f) OF THE INVESTMENT ADVISERS ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Stephen J. McLaughlin (“McLaughlin” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (“Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.3 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. McLaughlin was a senior vice president of New England Financial, a Boston-based distributor of insurance and other financial services products that serves as the service mark and trade name for New England Life Insurance Company (together, "NEF"). NEF is a subsidiary of Metropolitan Life Insurance Company, which, in turn, is a subsidiary of MetLife, Inc. ("MetLife"). MetLife is a publicly traded company whose stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act. From at least 1998 through August 2003, McLaughlin was an associated person of New England Securities Corporation, a subsidiary of NEF that is registered with the Commission both as a broker-dealer and investment adviser. McLaughlin, age 54, is a resident of Plainville, Massachusetts.

2. MetLife has been a publicly traded company since April 2000, and as such it files periodic reports with the Commission that contain consolidated financial statements of, among other subsidiaries, NEF. NEF also separately files financial statements with the Commission because it is the depositor of the New England Variable Life Separate Account, a variable life insurance separate account registered with the Commission as a unit investment trust under the Investment Company Act of 1940 ("Investment Company Act").

3. On October 5, 2007, a final judgment was entered by consent against McLaughlin, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933, Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5 and 13b2-1 thereunder, and Section 34(b) of the Investment Company Act and from aiding and abetting violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and Rules 13a-1, 13a-11, 13a-13, and 12b-20 thereunder, in the civil action entitled Securities and Exchange Commission v. Thom A. Faria, et al., Civil Action Number 06-10657-RCL, in the United States District Court for the District of Massachusetts.

4. The Commission's complaint alleged that, from at least 1998 through August 2003, McLaughlin engaged in a fraudulent scheme at NEF to hide expenses and improperly authorized the reclassification of certain NEF expenses as commissions, which led directly to the publication of materially false financial statements by MetLife and NEF, and otherwise engaged in conduct which operated as a fraud and deceit on investors. The Commission's complaint also alleged that on August 11, 2003, MetLife accounted for the improper reclassifications by taking a \$31 million after-tax charge against earnings for the quarter ended June 30, 2003, and that on September 5, 2003, as a direct result of the improper reclassifications, NEF restated its income statements filed with the Commission for 2000 through 2002, indicating that net income had been overstated by amounts ranging from 7 percent to 220 percent.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent McLaughlin's Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act, that Respondent McLaughlin be, and hereby is suspended from association with any broker, dealer, or investment adviser for a period of twelve (12) months, effective on the second Monday following the entry of this Order.

By the Commission.

Nancy M. Morris
Secretary