

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF: SHARON M. WHITEHURST f/k/a  
SHARON M. GRAHAM

FILE NO. 0200246

CONSENT ORDER OF WITHDRAWAL

TO THE RESPONDENT:

Sharon M. Whitehurst  
F/k/a Sharon M. Graham  
(CRD#: 1246747)  
9609 Pierpont Street  
Burke, Virginia 22015

c/o Voss & Company, Inc.  
6225 Brandon Avenue  
Suite 120  
Springfield, Virginia 22150

WHEREAS, Respondent on the 13<sup>th</sup> day of January 2002 executed a certain Stipulation to Enter Consent Order of Withdrawal (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated November 26, 2002 in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Withdrawal ("Consent Order").

WHEREAS, by means of the Stipulation, the Respondent acknowledged, while neither admitting nor denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:

1. That on March 26, 2002 Voss & Company, Inc., a registered dealer, filed a Form U-4 application for registration of the Respondent as a salesperson in the State of Illinois.

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2. That on October 20, 2002, a Summary Order of Denial (the "Order") was issued by the Secretary of State denying this application. Pursuant to the terms of the Order, the Respondent requested a hearing on November 8, 2002.
3. That on November 6, 2000 the United States Securities and Exchange Commission (SEC) issued ORDER MAKING SANCTIONS EFFECTIVE (the "Sanction Order") in Administrative Proceeding FILE NO. 3-8511 which imposed the following sanctions upon the Respondent:
  - a. suspended from association with any broker or dealer for a period of two months; and
  - b. cease and desist from committing or causing any violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5.
4. "That the Sanction Order additionally provided, in part,..." that on November 30, 1998, we (SEC) issued an order suspending (the "Suspension Order") the Respondent, an associated person of Voss & Co., Inc. ("VCIII"), from association with any broker or dealer for a period of two months, and ordering that she cease and desist from committing or causing any violation or any future violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. On December 9, 1998, we (SEC) stayed the effectiveness of that order pending the respondents' appeal. On August 18, 2000, the United States Court of Appeals for the District of Columbia Circuit entered judgement dismissing respondents' petition for review. On October 24, 2000, the Court issued its mandate...."
5. That on September 30, 1994 the SEC issued Order Instituting Public Proceedings (the "Instituting Order") against the Respondent alleging various violations of federal securities laws. After a contested hearing regarding these issues, on December 28, 1995, and Administrative Law Judge rendered the Initial Decision ("Initial Decision") which found violations as alleged in the Instituting Order, the Suspension Order upheld the findings of fact and substantially upheld the conclusions of law contained in the Initial Decision.
6. That the Instituting Order alleged as follows against the Respondent:
  - a. Steven C. Voss ("Voss") is the president and co-founder of Voss & Co., Inc. ("Voss & Co."), a registered broker-dealer located in Springfield, Virginia. Voss has been licensed by the National Association of Securities Dealers, Inc. ("NASD") since 1971.
  - b. James J. Pasztor ("Pasztor") was employed by Voss & Co., from January 1983 to March 1992. When Pasztor left Voss & Co., he held the title of Vice-president and was the firm's compliance director.

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- c. James Madison, Limited (“JML”) is a Delaware corporation based in Washington D.C. JML is the former bank holding company for Madison National Bank of Virginia (“Madison of Virginia”) and Madison National Bank of Washington (“Madison of Washington”). JML, whose stock is registered with the Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934 (“Exchange Act”), is an inactive shell holding company.
  - d. John G. Broumas (“Broumas”) is the former Chairman of the Board of Madison of Virginia and a former Director of JML.
7. As a result of an investigation, the Division of Enforcement (“Division”) alleged that:
- a). From approximately January 1, 1989 to July 31, 1990 (the “trading period”), Broumas violated Sections 9(a)(1), 9(a)(2) and 10(b) of the Exchange Act, and Rule 10b-5 thereunder by manipulating the price of JML stock. During the trading period, Broumas ordered approximately 560 trades of JML stock. Of these 560 trades, approximately 406 trades were “wash trades” or matched orders.” A majority of the remaining trades were late day purchases that “marked-the-close.” Broumas engaged in these violations, among other reasons, to inflate the daily trading volume of JML stock and to bolster its daily closing price.
    - i) In September 1991, Broumas consented to a permanent injunction prohibiting him from future violations of Sections 9(a)(1), 9(a)(2), 10(b) and 16(a) of the Exchange Act and Rules 10b-5 and 16a-3 thereunder. SEC v. John G. Broumas, Civil Action No. 912449 (D.D.C.) (LR No. 12999).
    - ii) Wash trades are purchases and sales of securities that match each other in price, volume and time of execution, and involve no change in beneficial ownership. Matched orders are similar to wash trades but involve a related third person or party who places on side of the trade. Marking-the-close trades occur when stock is purchased at or near the end of the trading day on an uptick (i.e. a purchase executed for a price higher than the previously executed trade), in order to affect the closing price.
  - b). Broumas orchestrated his manipulation through 29 securities brokerage accounts that he maintained and/or controlled at 14 Washington, D.C. area broker-dealers. Broumas maintained a margin account in his own name at each of the 14 broker-dealers and often controlled additional nominee accounts.

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- c). Broumas' wash trades and matched orders typically involved between 8,000 shares of JML stock and constituted a large percentage of the daily trading volume of JML. Broumas executed at least one wash trade or matched order on almost every business day during the trading period. Broumas "directed" his wash trades by calling registered representatives at two different broker-dealer firms with explicit instructions as to how and where to complete his trades and specifying that the trades be executed on the over-the-counter ("OTC") market. For example, Broumas would place an order with a registered representative at Firm A to sell 8,000 of JML and inform him or her that a registered representative at Firm B will buy the 8,000 shares. Simultaneously, Broumas would place an order with the registered representative at Firm B to buy 8,000 shares of JML and inform him or her that the registered representative at Firm A would sell 8,000 shares. Broumas would then direct both of the registered representatives to contact the other to complete the transactions. Broumas followed this same procedure in arranging his matched orders, except that Broumas solicited third parties to call in one side of the trade.
- d). In marking-the-close, Broumas made repeated purchases of JML stock within the final ten minutes of the trading day. These purchases typically consisted of 100 to 200 shares and, on a number of occasions, raised the closing price of JML stock by 1/8. Of the approximately 69 marking-the-close trades for JML stock ordered by Broumas, 61 transactions constituted the last trade of the day for JML stock, 57 transactions occurred within the final ten minutes of the trading day, and 54 transactions were executed on an uptick. These trades were executed on either the AMEX or the Midwest Stock Exchange.
- e). Broumas conducted a portion of his manipulative trading through Voss & Co., accounts from approximately January 23, 1989 to May 24, 1990, Broumas placed orders with Voss & Co., for approximately 76 wash trades and matched orders in JML stock.
- f). The Respondent has been employed by Voss & Co., as a registered representative since September 1984. She has been licensed by the NASD since May 1984.
- g). From approximately January 23, 1989 to May 24, 1990, the Respondent willfully aided and abetted and caused Broumas' violations of Section 9(a)(1) of the Exchange Act in that they, directly or indirectly, by the use of the mails or any means or instrumentality of interstate commerce, or of any facility of a national securities exchange, or for any member of a national securities exchange:

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For the purpose of creating a false or misleading appearance of active trading in JML stock, or a false or misleading appearance with respect to the market for JML stock:

- (i) effected transactions in JML stock which involved no change in the beneficial ownership thereof; or
  - (ii) entered an order or orders for the purchase of JML stock with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price, for the sale of JML stock, had been or would be entered by or for Broumas or another party; or
  - (iii) entered an order or orders for the sale of JML stock with the knowledge that an order or orders of substantially the same size, at substantially the same time, and at substantially the same price, for the purchase of JML stock, had been or would be entered by or for Broumas or another party.
- h). As part of the conduct described above, the Respondent executed approximately 60 of Broumas' 76 wash trades in JML stock between Voss & Co. and other broker-dealers through the OTC market. Broumas directed his JML trades by providing her with specific instructions as to how and where to complete the trades. She completed the trades in accordance with Broumas' instructions.
- i). As she executed trades for Broumas, she knew that Broumas was a JML director. She also knew that Broumas maintained accounts at the broker-dealers where Broumas directed his trades. Furthermore, she knew that Broumas usually lost money with his JML trades and that Broumas was having difficulty paying for his JML trades on time.
- j). From approximately January 23, 1989 to May 24, 1990, the Respondent willfully aided and abetted and caused Broumas' violations of Section 10(b) of the Exchange Act and Rule 10b5 thereunder, in that they, in connection with the purchase or sale of JML stock, directly or indirectly, by the use of any means or instrumentality of interstate commerce or of the mails, or of any facility of any national securities exchange, employed devices, schemes or artifices to defraud; made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or engaged in acts, practices or courses of business which operated as a fraud or deceit upon the purchasers of JML stock.

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8. That Section 8.E (1)(k) of the Act provides, inter alii, that the registration of a salesperson may be denied if the Secretary of State finds that such salesperson has any order entered against her after notice and opportunity for a hearing by the United States Securities and Exchange Commission arising from any fraudulent or deceptive act or a practice in violation of any statute, rule, or regulation administered or promulgated by the agency.
9. That the Respondent contested the matters in controversy by means of the hearing procedure with the SEC.

WHEREAS, by means of the Stipulation Respondent has acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusion of Law:

That by virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to denial pursuant to Section 8.E(1)(k) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that:

1. She shall cause to have her application for registration as a salesperson in the State of Illinois withdrawn within three (3) days from the entry of this Consent Order and will not re-apply for registration for a period of three (3) years from the entry of this Consent Order;

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

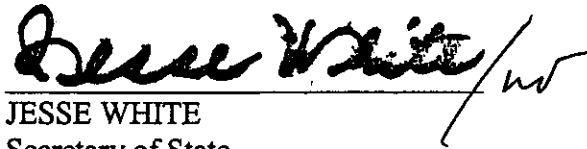
1. Sharon M. Whitehurst f/k/a Sharon M. Graham shall cause to have her application for registration as a salesperson in the State of Illinois withdrawn within three (3) days from the entry of this Consent Order and will not re-apply for registration for a period of three (3) years from the entry of this Consent Order;

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2. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED: This 22<sup>nd</sup> day of January, 2003.

A handwritten signature in black ink, appearing to read "Jesse White" with a stylized flourish at the end.

JESSE WHITE  
Secretary of State  
State of Illinois