

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: WELLS FINANCIAL SERVICES,)
ITS OFFICERS, DIRECTORS,)
EMPLOYEES, AFFILIATES, SUCCESSORS,) File No. 0600588
AGENTS AND ASSIGNS,)
AND RICHARD A. WELLS)
)

TEMPORARY ORDER OF PROHIBITION

TO THE RESPONDENT: Richard A. Wells
Wells Financial Services
1307 6th Avenue
Sterling, Illinois 61081

Richard A. Wells
Wells Financial Services
2311 East Lincolnway
Sterling, Illinois 61081

On information and belief, I, Jesse White, Secretary of State for the State of Illinois, through my designated representative, having been fully advised in the premises by the staff of the Illinois Securities Department, Office of the Secretary of State, herein find:

1. That Respondent, Wells Financial Services, is a purported business entity, with a last known address of 2311 East Lincolnway, Sterling, Illinois 61081;
2. That at all times relevant, the Respondent, Richard A. Wells (hereinafter, "Wells") was an Officer, Director, Agent or Employee of Wells Financial Services and is an individual with a last known address of 1307 6th Avenue, Sterling, Illinois 61081;
3. That on or about July 19, 2004, Respondent Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, offered and sold to CB, an Illinois Resident, an investment plan whereby Wells represented that upon

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receiving \$10,000 from CB, Wells would invest said funds in a "Mutual Trust" account which involved or included stocks, bonds and the futures market and that CB would receive a guaranteed return of 5.5% annually for a period of 3 years;

4. That on or about October 10, 2006, CB met with Wells to discuss the aforesaid investment plan and lack of account statements, at which time Wells represented to CB that CB's money was still contained in the aforesaid Mutual Trust account and that CB would receive account statements only after the three year period had ended;
5. That on or about September 14, 2004, Respondent Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, offered and sold to DS, an Illinois Resident, an investment plan whereby Wells represented that upon receiving \$11,000 from DS, Wells would invest said funds in a "Mutual Bond Trust" account which would yield a guaranteed annual return of 7.0%;
6. That between June, 2005, and June, 2006, DS received multiple payments from Wells in the amount of \$192.50 which were represented by Wells to be interest payments from the aforementioned "Mutual Bond Trust" account;
7. That on or about June 13, 2006, Wells contacted DS and recommended that DS invest more money in the aforementioned "Mutual Bond Trust" account after which, based solely on the aforesaid recommendation by Wells, DS gave Wells an additional amount of \$2,000 for the purpose of investing said funds in the aforesaid "Mutual Bond Trust" account;
8. That on or about September 12, 2006, DS received a check from Wells in the amount of \$236.62 which was represented by Wells to be an interest payment from the aforementioned "Mutual Bond Trust" account;
9. That on or about March 19, 2004, Respondent Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, offered and sold to SS, an Illinois Resident, an investment plan whereby Wells represented that upon receiving \$18,672.56 from SS, Wells would invest said funds in a "Mutual Trust" account which would receive a much

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better return than the annuity in which said funds were previously located;

10. That on or about September 15, 2006, Wells contacted SS and recommended that SS invest additional funds in said "Mutual Trust" account; that based upon Wells' recommendation, SS gave Wells an additional amount of \$5,800 for the purpose of investing said funds in the aforesaid "Mutual Trust" account;
11. That Wells never invested the aforesaid funds received from CB, DS, or SS, in the aforementioned purported "Mutual Trust" or "Mutual Bond Trust" accounts as promised, but rather deposited said funds in his own personal bank account and used said funds for his own personal benefit and purposes;
12. That Wells' registration as a securities salesperson and/or broker pursuant to Section 8 of the Illinois Securities Law 815 ILCS 5/1 et seq. (the "Act") was terminated in Illinois on July 16, 2003;
13. That each of the above referenced investment plans is an investment contract and therefore is a security as that term is defined pursuant to Section 2.1. of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act");
14. That Section 5 of the Act provides, inter alia, that all securities except those exempt under Section 3 of the Act or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois;
15. That Section 8 of the Act provides, inter alia, that all salespersons of securities except those exempt under Subsection A of Section 8 of the Act shall be registered with the Secretary of State;
16. That Section 12.A of the Act provides, inter alia, that it shall be a violation of the Act for any person to offer or sell securities except in accordance with the provisions of the Act;
17. That Section 12.C of the Act provides, inter alia, that it shall be a violation of the Act to act as a salesperson or

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dealer unless registered as such, where such registration is required, under the provisions of the Act;

18. That Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any document or application required to be filed under the provision of the Act;
19. That Section 12.G of the Act provides, inter alia, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading;
20. That at all times relevant hereto, Respondent Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, failed to file an application for registration of the above-referenced securities with the Secretary of State prior to their offer or sale in the State of Illinois;
21. That at all times relevant hereto, Respondent Richard A. Wells was not registered as a securities salesperson or dealer with the Secretary of State prior to the sale of the aforementioned securities;
22. That at all times relevant hereto, Respondent Wells Financial Services was not registered as a securities dealer with the Secretary of State prior to the sale of the aforementioned securities;
23. That at all times relevant hereto, Respondent Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, obtained money or property from CB, an Illinois resident, by means of an untrue statement of material fact or an omission to state a material fact by representing to CB that CB's funds would be invested in a "Mutual Trust" account which would yield a return of 5.5% annually over a period of 3 years, when in fact Wells never invested CB's funds in any such "Mutual Investment" account, but rather deposited said funds in his own personal bank account, whereupon Wells used said funds for his own

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personal benefit and purposes; furthermore, upon subsequent inquiries by CB, Wells continued to represent said funds still existed and were contained in the purported "Mutual Trust" account, when in fact Wells knew that said funds were never so invested and no longer existed;

24. That at all times relevant hereto, Respondent Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, obtained money or property from DS, an Illinois resident, by means of an untrue statement of material fact or an omission to state a material fact by representing to DS that her funds would be invested in a "Mutual Bond Trust" account which would yield an annual return of 7.0%, when in fact Wells never invested CB's funds in any such "Mutual Bond Trust" account, but rather deposited said funds in his own personal bank account, whereupon Wells used said funds for his own personal benefit and purposes; furthermore, by subsequently sending DS multiple checks and representing to CB that said checks were interest checks from said purported "Mutual Bond Trust" account, Wells continued to represent said funds still existed and were contained in the purported "Mutual Bond Trust" account, when in fact Wells knew that said funds were never so invested and no longer existed;
25. That at all times relevant hereto, Respondent Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, obtained money or property from SS, an Illinois resident, by means of an untrue statement of material fact or an omission to state a material fact by representing to SS that SS's funds would be invested in a "Mutual Trust" investment account which would yield a much better return than the annuity in which said funds were previously located, when in fact Wells never invested SS's funds in any such "Mutual Trust" account, but rather deposited said funds in his own personal bank account, whereupon Wells used said funds for his own personal benefit and purposes; furthermore, by subsequently contacting SS to recommend that SS make an additional investment in said "Mutual Trust" account, Wells continued to represent said funds still existed and were contained in the purported "Mutual Trust" account, when in fact Wells knew that said funds were never so invested and no longer existed;

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26. That by virtue of the foregoing, Respondent Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, has violated Sections 12.A, 12.D and 12.G of the Act;
27. That Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsection D and/or G of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State;
28. That Section 11.E.(3) of the Act provides, inter alia, that if the Secretary of State shall find that any person is engaging or has engaged in the business of selling or offering for sale securities as a dealer or salesperson without prior thereto and at the time thereof having complied with the registration or notice filing requirements of this Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State;
29. That Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act, as well as the costs of investigation and reasonable expenses;
30. That by virtue of the foregoing, Respondent Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, is subject to a fine of up to \$10,000.00 per violation, costs of investigation, reasonable expenses, an order of censure, and an order which permanently prohibits the Respondent from offering or selling securities in the State of Illinois.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above or a Special Appearance pursuant to Section 130.1107 of the Rules, or other responsive pleading within thirty days of the receipt of this notice. Your failure to do so within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing.

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Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default.

Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondents.

Dated this 6th day of December 2006.



Jesse White
Jesse White
Secretary of State
State of Illinois

Attorney for the Secretary of State:

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