

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF: TERRENCE P. MCCARTY

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)
)
FILE NO. 0600275

CONSENT ORDER OF REVOCATION

TO THE RESPONDENT: Terrence P. McCarty
(CRD#: 325295)
326 S. Derbyshire Lane
Arlington Heights, Illinois 60004

C/O Proequities, Inc.
579 West North Avenue # 200
Elmhurst, Illinois 60126

WHEREAS, Respondent on the 11th day of September, 2006 executed a certain Stipulation to Enter Consent Order of Revocation (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 July 26, 2006 in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Revocation ("Consent Order").

WHEREAS, by means of the Stipulation, the Respondent acknowledged, without admitting or 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 at all relevant times, the Respondent was registered with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act, until August 8, 2005.
2. That on January 24, 2005, Case file # 03 P 1088, Citation to Discover Assets, was filed against the Respondent by Robert F. Harris, Cook County Public Guardian, Limited Guardian of the Estate and Plenary

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Guardian of the Person of George May, a disabled person, in the Circuit Court of Cook County, Illinois.

3. That the citation alleged, among other things:
 - a. Upon information and belief, in or about the Spring of 1997, Mr. May came into contact with the Respondent, Terrence McCarty, who was running a business called "Asset Savers" which purportedly provided financial counseling to the elderly. [Casefile # 03 P 1088 Paragraph #2]
 - b. On June 9, 1997, Mr. May purchased an annuity from Jackson National Life. His investment representative was Mr. McCarty. \$24,789.86 had been invested in the account. As of June 30, 2003, it was worth only \$245.00. It is unknown where the money went. [Case file # 03 P 1088 Paragraph #4]
 - c. On August 12, 1997, Mr. May purchased another annuity from Jackson National Life. Again, Mr. McCarty was the investment representative. \$28,317.67 had been invested in the account. As of June 30, 2003, it was worth only \$186.55. It is unknown where the money went. [Case file # 03 P 1088 Paragraph #5]
 - d. On December 18, 1997, Mr. May purchased an annuity with Manulife Financial through Mr. McCarty for \$60,000. McCarty signed a Statement of Agent on the application noting his firm name as "Pro Equities". A number of withdrawals were made from this account including the following: \$7,500 which Mr. May purportedly requested be transferred to his Labe Bank checking account (McCarty's name was also on the account as power of attorney at this time), \$4,000 which Mr. May purportedly requested be transferred to his TCF Bank checking account on 10/2/02 (McCarty faxed this request to Manulife on AssetSavers letterhead; he signed checks from this bank account as POA), and \$9,000 which Mr. May purportedly requested be transferred to the Labe Bank account on January 14, 2002. As of November 5, 2003, the annuity had a current value of \$731.62. It is unknown where the remainder of the money went. [Casefile # 03 P 1088 Paragraph #10]
 - e. McCarty's accounting, along with accounting journals he provided to Ms. Mearsman-Murphy, show, among other things, approximately \$89,000 in disbursements for purported home repairs and remodeling at the 3853 N. Keeler property. Approximately \$39,000 of that went to a company referred to in the accounting as "H & H Construction". This company is

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alternately referred to in McCarty's accounting journals as "H & H Roofing". After investigation by the Public Guardian's Office, this company does not appear to exist. [Case file # 03 P 1088 Paragraph #21]

- f. The accounting as well as the accounting journals also reveal other questionable disbursements, such as \$1,500 paid to "Condor Investigations" for bodyguard services for Mr. May's daughters, as well as payments to various credit card accounts where it is unclear who the accounts belong to. [Case file # 03 P 1088 Paragraph #22]
4. That Section 8.C of the Act provides, inter alia, that any registered dealer, limited Canadian dealer, issuer, or controlling person desiring to register a salesperson shall file an application with the Secretary of State, in such form as the Secretary of State may by rule or regulation prescribe, which the salesperson is required by this Section to provide to the dealer, issuer, or controlling person, executed, verified, or authenticated by the salesperson setting forth or accompanied by:
 - a. a brief description of any civil or criminal proceedings of which fraud is an essential element pending against the salesperson. [8.C(4)]
 - b. any change which renders no longer accurate any information contained in any application for registration or re-registration as a salesperson shall be reported to the Secretary of State within 10 business days after the occurrence of such change. [8.C(8)]
5. That pursuant to Section 8 of the Act, Proequities, Inc., a registered dealer, filed amendments to Respondent's U-4 Form salesperson/IAR application on or about August 3, 2005, June 14, 2006, and July 6, 2006.
6. That Question 14.G(2) of the U-4 Form asks, in pertinent part, if an applicant has been notified, in writing, that they are now the subject of any investigation that could result in a "yes" answer to any part of 14.A, B, C, D, or E.
7. That the investigation in the civil matter alleged in paragraph three (3), above, could result in a "yes" answer to one or more parts of 14.A, B, C, D, or E.
8. That on August 3, 2005, Proequities, Inc., filed an amendment to the Respondent's previous U-4 Form on his behalf, but Respondent failed to disclose in his answer to Question 14.G(2), that on January 24, 2005, the Citation to Discover Assets had been filed against him, instead answering "no" to Question 14.G(2).

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9. That on June 14, 2006, Proequities, Inc., filed an amendment to the Respondent's previous U-4 Form on his behalf, but Respondent failed to disclose in his answer to Question 14.G(2), that on January 24, 2005, the Citation to Discover Assets had been filed against him, instead answering "no" to Question 14.G(2).
10. That on July 6, 2006, Proequities, Inc., filed an amendment to the Respondent's previous U-4 Form on his behalf, but Respondent failed to disclose in his answer to Question 14.G(2), that on January 24, 2005 the Citation to Discover Assets had been filed against him, instead answering "no" to Question 14.G(2).
11. That Section 12.E(1) of the Act provides, inter alia, that it shall be a violation of the provisions of this Act for any person to make or cause to be made, in any application, report or document filed under this Act or any rule or regulation made by the Secretary of State pursuant to this Act, any statement which was false or misleading with respect to any material fact.
12. That Section 8.E(1)(g) of the Act provides, inter alia, that subject to the provisions of subsection F of Section 11 of this Act, the registration of a salesperson, investment advisor, or investment advisor representative may be denied, suspended or revoked if the Secretary of State finds that the salesperson, investment advisor, or investment advisor representative has violated any of the provisions of this Act.
13. That Section 8.E(1)(h) of the Act provides, inter alia, that the registration of a salesperson or IAR may be revoked if the Secretary of State finds that such salesperson or IAR made any material misrepresentation to the Secretary of State in connection with any information deemed necessary by the Secretary of State to determine a salesperson or IAR's repute or qualification.
14. That Section 11.E(4) of the Act provides, inter alia, that in addition to any other sanction or remedy contained in this subsection E, the Secretary of State, after finding that any provision of this Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000, for each violation of this Act, may issue an order of public censure against the violator, and may charge as costs of investigation all reasonable expenses, including attorney's fees and witness fees.

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 Conclusions of Law:

1. Respondent has violated Section 12.E(1) of the Act; and

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2. Respondent's registrations as a salesperson and investment advisor representative in the State of Illinois are subject to revocation pursuant to Sections 8.E(1)(g), and 8.E(1)(h) of the Act;

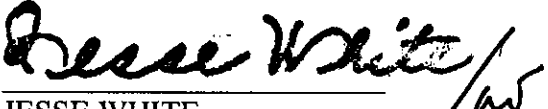
WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that his registrations as a salesperson and investment advisor representative in the State of Illinois shall be revoked.

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. Terrence P. McCarty's registrations as a salesperson and investment advisor representative in the State of Illinois are **REVOKED**.
2. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED: This 13th day of September, 2006



JESSE WHITE
Secretary of State
State of Illinois

*signed 2/23/07
to replace missing
file copy. JW*

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