

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: NEIL ROLLA HARRISON

)
) No. 0700156
)

ORDER OF PROHIBITION AND REVOCATION

TO THE RESPONDENT: Neil Rolla Harrison (CRD #2254526)
201 A Michigan Ave.
Alton, Illinois 62002

WHEREAS, the record of the above captioned matter has been reviewed by the Secretary of State or his duly authorized representative;

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State;

WHEREAS, the proposed Findings of Facts and Conclusions of Law and Recommendation of the Hearing officer, Jon K. Ellis, in the above-captioned matter have been read and examined;

WHEREAS, the following proposed Findings of Fact are correct and are adopted by the Secretary of State as follows:

1. The pleadings and exhibits have been offered and received from the Department and a proper record of all proceedings has been made and preserved as required by law.
2. The Hearing Officer has ruled on all motions and objections timely made and submitted;
3. The Hearing Officer and the Secretary of State Securities Department have jurisdiction over the parties herein and subject matter dealt with herein, due and proper notice having been previously given as required by statute in this Matter.
4. At all times relevant, the Respondent Neil Rolla Harrison, an Illinois resident, was registered as an Illinois salesperson through A.G. Edwards and Stifel Nicolaus pursuant to Section 8 of the Illinois Securities Law 815 ILCS 5/1 et seq. (the "Act") and the Respondent's salesperson registration was terminated in Illinois on October 27, 2008.

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5. On or about August 31, 2005, the Respondent offered and solicited a personal loan from GR and SR, Illinois residents, in the amount of \$14,000.00 during the time that GR and SR were clients and customers of the Respondent acting as their securities salesperson.
6. On or about November 12, 2006, the Respondent solicited and obtained a personal loan from CD, approximately 87 years old, in the amount of \$38,000.00 during the time that CD was a client and customer of the Respondent acting as CD's securities salesperson.
7. As of March 20, 2009, the Respondent has not repaid said loan to CD.
8. On or about May and June, 2003, the Respondent solicited and obtained a personal loan from PS, an Illinois resident, in the amount of approximately \$9,000.00 during the time that PS was a client and customer of Respondent acting as PS's securities salesperson.
9. On or about February, 2006, the Respondent solicited and obtained an additional personal loan from PS in the amount of approximately \$7,000.00 during the time that PS was a client and customer of Respondent acting as PS's securities salesperson.
10. In October, 2005, the Respondent was dismissed from his employment with A.G. Edwards when it became aware that Respondent was soliciting and obtaining personal loans from clients.
11. During the time that the Respondent was subsequently employed by Stifel Nicolaus, the Respondent continued to solicit and obtain personal loans from his clients and was thereafter dismissed from his employment in October, 2008;
12. On or about May 2, 2007, the Respondent offered and sold to his client, CB, an Illinois resident, an investment plan in which the Respondent represented that he would invest CB's money in commodities, for a total investment of \$24,000.00.
13. At the time the Respondent offered and sold the aforesaid investment plan to CB, the Respondent never intended to

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invest said money in commodities or any other type of investment.

14. Rather than investing CB's funds in commodities as represented, the Respondent, on or about May 30, 2007, deposited CB's funds in his own personal bank account and thereafter used CB's funds for personal use, including, but not limited to, gambling activities.
15. CB has never received any return on said investment plan.
16. On or about June 18, 2007, and July 9, 2007, the Respondent offered and sold to his client RM, an Illinois resident, an investment plan in a purported "diversified participation" investment account, for a total investment of \$44,800.00.
17. At the time the Respondent offered and sold the aforesaid investment plan to RM, the Respondent never intended to invest said money in an investment account or any other type of investment.
18. Rather than investing RM's funds in the aforesaid investment account as represented, the Respondent, on or about June 19, 2007, deposited RM's funds in his own personal bank account and thereafter used RM's funds for personal use, including, but not limited to, gambling activities.
19. RM has never received any return on said investment plan.
20. On or about December 26, 2007, and March 17, 2008, the Respondent offered and sold to his client RB, an Illinois resident, an investment plan where the Respondent represented that RB's funds would be invested in gold and "gold investment certificates" for a total investment amount of \$7,040.00.
21. At the time the Respondent offered and sold the aforesaid investment plan to RB, the Respondent never intended to invest said money in gold, gold investment certificates or any other type of investment.
22. On or about December 26, 2007, and March 17, 2008, the Respondent deposited RB's funds into his own personal bank account.

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23. On or about October 28, 2008, the Respondent advised RB that the aforesaid funds which the Respondent took from RB to purportedly invest in gold and/or gold investment certificates were all part of a fraud by Respondent, that Respondent did not invest RB's money as represented, but had instead used said funds for gambling activities.
24. RB, while receiving a repayment of a portion of the aforesaid funds, was never repaid the total amount of his investment nor did he receive any other return on said investment.
25. On or about April 7, 2008, the Respondent offered and sold his client ED, approximately 82 years old and an Illinois resident, an investment plan in which the Respondent represented that ED's purported investment returns would be based on an "investment index" for a total investment of \$9,724.00.
26. At the time the Respondent offered and sold the aforesaid investment plan to ED, the Respondent never intended to invest said money in an "investment index" account or any other type of investment, but rather used said funds for personal use, including, but not limited to, gambling activities.
27. ED never received any return of any kind of said investment.
28. That Section 2.1 of the Act defines the term "Security" as any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit sharing agreement, collateral trust certificate, ~~pre-organization certificate~~ or subscription, transferable share, investment contract, investment fund share, face-amount certificate, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral lease, right or royalty, any put, call, straddle, option, or privilege on any security, certificate of deposit or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a "Security", or any certificate of interest or participation in, temporary or interim

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certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. "Security" does not mean a mineral investment contract or a mineral deferred delivery contract; provided, however, the Department shall have authority to regulate these contracts as hereinafter provided.

29. That Section 2.5 of the Act defines the term "Sale or Sell" to include the full meaning of that term as applied by or accepted in the courts of this State, and shall include every contract of sale or disposition of a security or interest in a security of value.
30. That Section 2.5a of the Act defines the term "Offer" to include every offer to sell or otherwise dispose of, solicitation of an offer to purchase, a security or interest in a security for value; provided that the term "Offer" shall not include preliminary negotiations or agreements between an issuer and any underwriter or among underwriters who are or are to be in privity of contract with an issuer, or a the circulation or publication of an identifying statement for circular or preliminary prospectus, as defined by rules or regulations of the Secretary of State.
31. Each of the above investment plans is an investment contract and therefore is a security as that term is defined pursuant to Section 2.1 of the Act.
32. Section 5 of the Act provides, inter alia, that all securities except those set forth under Section 2a, or those exempt under Section 3, 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.
33. 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 any securities except in accordance with the provisions of the Act.
34. 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 required to be filed under any provision of the Act.

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35. 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.
36. Section 8.E.1(b) of the Act states, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of a salesperson or investment adviser representative may be suspended or revoked if the Secretary of State finds that the salesperson or investor adviser representative has engaged in any unethical practice in the offer or sale of securities.
37. Section 8.E.1.(g) of the Act states, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of a salesperson or investment adviser representative may be suspended or revoked if the Secretary of State finds that the salesperson or investor adviser representative has violated any of the provisions of the Act.
38. NASD Rule 2370 provides, inter alia, that no person associated with a member in any registered capacity may borrow money from or lend money to any customer of such person unless the member has written procedures allowing the borrowing and lending of money between such registered persons and customers of the member and the lending or borrowing arrangements fall within certain conditions so stated within the aforesaid Rule.
39. The aforesaid loan agreements between the Respondent and his clients did not fall within the conditions outlined in NASD Rule 2370.
40. At all times relevant hereto, the Respondent engaged in an unethical practice in the offer or sale of securities in that the Respondent solicited and obtained private loans from multiple clients while a registered securities salesperson despite the fact that such loans were prohibited by the rules of the NASD and the policies of his employers.

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41. At all times relevant hereto, the Respondent obtained money or property through the offer or sales of securities by means of any untrue statement of a material fact or any omission to state a material fact in that the Respondent represented to his aforesaid clients that he would invest their funds in securities, when in fact, the Respondent never intended to invest said funds into any type of investment, but rather used said funds for personal use, including, but not limited to, gambling activities.
42. At all times relevant hereto, the Respondent 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.
43. By virtue of the foregoing, the Respondent Neil Rolla Harrison has violated Sections 12.A, 12.D and 12.G of the Act.
44. Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsections D or G of Section 12 of the Act, the Secretary of State may by written order temporarily or permanently prohibit or suspend the person from offering or selling any securities in this State, provided that any person who is the subject of an order of permanent prohibition may petition the Secretary of State for a hearing to present evidence of rehabilitation or change of circumstances justifying the amendment or termination of the order of permanent prohibition.
45. 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.
46. Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State shall find that any provision of the Act has been violated, the Secretary 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

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as the costs of investigation and reasonable expenses, and may issue an order of public censure against the violator.

47. By virtue of the foregoing, the Respondent Neil Rolla Harrison 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, as well as an order which suspends or revokes his salesperson registration in the State of Illinois.
48. The entry of a final written Order of permanent Prohibition, and Order of Revocation, and a fine of \$10,000.00 is proper in this Matter, given the conduct of the Respondent as described in the Secretary of State Exhibits No. 1-14

WHEREAS, the following proposed Conclusions of Law are correct and are adopted by the Secretary of State as follows:

1. After proper notification, the Department may proceed with a hearing in the Respondent's absence. (735 ILCS 5/1-105 and 5/2-1301; Ryan v. Bening, 1978, 22 Ill.Dec. 873, 66 Ill.App.3d 127, 383 N.E.2d 681; Koenig v. Nardullo, 1968, 99 Ill.App.2d 480, 241 N.E.2d 567; In Re the Marriage of Garde, 1983, 73 Ill.Dec. 816, 118 Ill.App.3d 303, 454 N.E.2d 1065). Significantly, the Notice of Hearing outlines that a default judgment may be entered against a Respondent that fails to appear or answer the charges.
2. The actions, representations, and/or omissions of the Respondent Neil Rolla Harrison made in connection with the failure to offer or sell any security in accordance with the provisions of the Act are violations of Section 12.A of the Act. The actions, representations, and/or omissions of the Respondent Neil Rolla Harrison made in connection with the failure to file required documents with the Secretary of State are violations of Section 12.D of the Act. The actions, representations, and/or omissions of the Respondent Neil Rolla Harrison which were untrue or misleading of material facts and were made to obtain money from Illinois residents are violations of Section 12.G of the Act.

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3. By virtue of the foregoing and because of the Findings of this Order and the documents admitted as Secretary of State Exhibits Nos. 1-14, the Respondent is subject to the entry of a final written Order that permanently prohibits the Respondent pursuant to Section 11.E (2) and (3) of the Act from offering or selling securities in the State of Illinois, revokes the Respondent's salesperson registration pursuant to Section 8.E.1(b) and (g) of the Act, imposes a fine on the Respondent pursuant to Section 11.E(4) of the Act not to exceed \$10,000.00 for each violation of the Act in this Matter, and grants such other relief as may be authorized under the Act.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Respondent, Neil Rolla Harrison, shall be permanently prohibited from offering and selling securities in the State of Illinois;
2. The Respondent, Neil Rolla Harrison, shall pay a fine of \$10,000.00 for violations of the Act; and
3. The Respondent's registration as a salesperson of securities in the State of Illinois shall be Revoked.

ENTERED: This 4th day of June, 2009



Jesse White
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of the Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order, shall be guilty of a Class 4 felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law, [735 ILCS 5/3-101 et seq.] and the Rules and Regulations of the Illinois Securities Act, [14 Ill. Admin. Code Ch. I, Section 130.1123]. Any action for Judicial Review must be commenced within thirty-five (35) days.

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from the date a copy of this Order is served upon the party seeking review.

Attorney for the Secretary of State:
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