

SECURITIES

Spring/Summer 2005

bulletin



Each year, members of the North American Securities Administrators Association determine the most common ploys used to cheat Illinois investors out of millions of dollars. This Top 10 list includes anything from high-yield, no-risk promissory notes and variable annuities to Internet “pump-and-dump” schemes to Ponzi rackets that ultimately secure returns only for those on the top of these pyramid-type schemes.

Investors should keep their guards up anytime they are offered an investment opportunity. Before making any investment, investors should ask the following questions:

- Are the seller and the investment product properly licensed and registered?
- Has the seller given you written information that explains the investment?
- Are claims made for the investment realistic?
- Does the investment meet your personal investment goals?

I urge investors to contact the Securities Department at 800-628-7937 with any questions about an investment product, broker/dealer or adviser before committing their hard-earned dollars. It pays to remember that if an investment sounds too good to be true, it usually is.

Jesse White

Jesse White
Secretary of State



Top 10 Threats to Illinois Investors—2005

1 Ponzi Schemes — Paying early investors with money raised from later investors. The only people who make money are the promoters who set the Ponzi in motion.

2 Unlicensed Individuals Selling Securities — Anyone selling securities without a valid securities license should be a red alert for investors.

3 Unregistered Investment Products — Con artists bypass stringent state registration requirements to pitch viatical settlements, pay telephone and ATM leasing contracts, and other investment contracts with the promise of “limited or no risk” and high returns.

4 Promissory Notes — Empty promises can leave these notes worth less than the paper on which they are printed.

5 Senior Investment Fraud — Because of their access to lifetime savings, senior citizens often are the target of con artists peddling fraudulent or unsuitable investments.

6 High-Yield Investment Schemes — Promises of triple-digit returns through “risk-free, high-yield instruments” or something equally deceptive should signal a red alert.

7 Internet Fraud — Stock promoters are using online “boiler rooms,” messaging and fake Web sites to lure investors into “pump-and-dump” stock schemes.

8 Affinity Fraud — Con artists are increasingly targeting religious, ethnic, cultural and professional groups.

9 Variable Annuity Sales — Senior investors especially should beware of the high surrender fees and steep sales commissions agents often earn when moving investors into these investment products.

10 Oil and Gas Scams — With oil topping \$50 a barrel and continued Middle East instability, schemes promising quick profits in oil and gas ventures are expected to be on the rise.

**IN
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- FAQ: RESEARCHING YOUR BROKER OR INVESTMENT ADVISER •
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- ENFORCEMENT ADMINISTRATIVE ORDERS •
- INVESTOR EDUCATION REACHES OUT TO STUDENTS •



Researching your Broker or Investment Adviser

Q How do I research my broker/investment adviser to make sure he/she is legitimate and registered?

A The Securities Department provides free information about brokers/advisers by calling 800-628-7937.

Q What if my investment adviser does not work in the state of Illinois?

A The Securities Department provides information from databases of investment professionals from all over the United States.

Q What information may I obtain from the Securities Department?

A Through the Centralized Registration Depository (CRD) and the Investment Adviser Registration Depository (IARD), the department can provide information regarding registration, employment and disciplinary history of an individual.

Q Are judgment and conviction information available to the general public?

A Civil judgments and arbitration decisions in securities and commodities disputes involving public customers are available, as are criminal convictions or indictments against registered or licensed brokerage firms and their salespersons. Settlements of \$10,000 or more among the parties to arbitrations, civil suits and customer complaints are included.

Q What about pending actions?

A Pending disciplinary actions taken by securities industry regulators are available. Pending arbitrations and civil proceedings and written complaints alleging sales practice violations and compensatory damages of \$5,000 or more are included in the reports.

Q What do I need to provide to obtain a report for a broker/investment adviser?

A You need the full name of the individual. In cases involving common names, a place of employment or other information may be necessary.

Q Will the broker/adviser know that I requested a report?

A As a matter of practice, the Securities Department does not advise brokers/advisers of requests.

Q May I look up information about a broker/adviser on the Internet?

A Yes, you may access NASD's Web site at www.nasdr.com to obtain information on a registered broker or investment adviser.

If you would like to file a complaint or have an inquiry about your broker or investment adviser, please contact the Securities Department.

Broker/dealer branch office reporting deadline — June 30

Investment broker/dealers registered under the Illinois Securities Law of 1953 are required to file an annual report with the Securities Department that discloses each branch office location in Illinois. Reports must be received (not just postmarked) by the Illinois Securities Department on or before June 30, 2005, accompanied by a \$20 fee for each reported branch office.

The definition of a branch office can be found at: www.ilga.gov/commission/jcar/admincode/014/014001300B02800R.html.

Branch office renewal information was mailed in mid-May to addresses of record for each broker/dealer firm registered with the Securities Department. To complete the branch office filing requirements, all registered dealers are required to:

- Make any necessary changes to the Annual Report of Branch Offices in Illinois, and sign and date the form.
- Review the Branch Office List and make any necessary corrections that reflect all branch offices in Illinois as of May 31, 2005. The complete address of each branch office in Illinois not listed on the attachment must be added and returned to the department along with a \$20 fee per each registered branch office.
- Registered dealers who do not have any branch offices in Illinois may simply check the appropriate box on the Annual Report of Branch Offices in Illinois, sign and date the form, and return it to the Securities Department.
- **Filings received after June 30 are subject to a \$50 late filing fee and possible enforcement action.** Questions or inquiries regarding the filing of annual branch office information may be directed to the Securities Department at 217-524-0645.

**Illinois Securities
Department**

800-628-7937

888-231-1175 (Spanish line)

Enforcement Administrative Orders

Order of Cancellation

Dupont Securities Group, Inc.
(B/D# 42305)
42 Broadway, 11th Floor
New York, NY 10004

Geek Securities, Inc. (B/D# 14834)
999 Yamato Rd., Ste. 100
Boca Raton, FL 33431

Global Express Securities, Inc.
(B/D# 41921)
8540 S. Eastern Ave.
Las Vegas, NV 89123

L.H. Ross and Company
2255 Glades Rd., Ste. 425 E
Boca Raton, FL 33431

Pryor Counts & Co., Inc. (B/D# 11002)
1515 Market St., Ste. 819
Philadelphia, PA 19102

Delta Asset Management Company,
L.L.C. (B/D# 39923)
300 Old Country Rd., Ste. 101
Mineola, NY 11779

Richmark Capital Corporation
(B/D# 43162)
5525 N. Macarthur Blvd., Ste. 615
Irving, TX 75038-2615

Consent Order

James A. Blackburn
C/O Howard Feldman
Feldman, Wasser, Draper and
Benson
1307 S. Seventh St.
Springfield, IL 62705

Robert William Esch
DBA WhiteMountain Financial
539 Troy Plaza
Troy, IL 62294

R. Carter Freeman, Chairman
Janas Associates
C/O S. Patrick McKey
Bell, Boyd and Lloyd
Three First National Plaza
70 W. Madison St., Ste. 3300
Chicago, IL 60602-4207

Hubadex, Inc.
C/O Jeffry Henderson
Henderson and Lyman
Attorneys at Law
175 W. Jackson Blvd., Ste. 240
Chicago, IL 60604

Piper Jaffray & Co., F/K/A
U.S. Bancorp Piper Jaffray, Inc.
800 Nicollet Mall, Ste. 800
Minneapolis, MN 55402

Charles Richard Antrim
(CRD# 825515)
American Express
Financial Advisors, Inc.
1005 N. Main St.
Decatur, IL 62521

Order to Cease and Desist

Elijah Rubin
W. Craig and Company
4040 E. McDowell Rd., #409
Phoenix, AZ 85008

Summary Order of Denial

Bankers and Investors Co. (B/D# 6874)
701 Minnesota Ave.
Kansas City, KS 66101

Richard A. Saitta (CRD# 2592014)
600 Revere Dr.
Yorktown Heights, NY 10598

Frost Brokerage Services, Inc.
(B/D# 17465)
100 W. Houston St.
San Antonio, TX 78299

Larcetta Linear (CRD# 4782300)
307 Herndon St.
Park Forest, IL 60466

Consent Order of Dismissal
DBSI Securities Corp. (B/D# 11687)
1550 S. Tech Ln.
Meridian, ID 83642

Frost Brokerage Services, Inc.
(B/D# 17465)
100 W. Houston St.
San Antonio, TX 78299

Bankers & Investors Company
(B/D# 6874)
701 Minnesota Ave.
Kansas City, KS 66101

Crestone Securities L.L.C.
(B/D# 103981)
1050 Walnut St., Ste. 402
Boulder, CO 80302

Order of Dismissal

Joseph S. Williams III
(CRD# 1249170)
7952 S. Euclid Ave.
Chicago, IL 60617

Piper Jaffray & Co., F/K/A
U.S. Bancorp Piper Jaffray, Inc.
800 Nicollet Mall, Ste. 800
Minneapolis, MN 55402

Final Order

Gerard Robert Celmer
(CRD# 1779511)
101 W. End Ave.
Summit, NJ 07901

Christopher Jacob Kinsley
(CRD# 715670)
115 Ashbrook Ln.
Aspen, PA 19014

Consent Order of Prohibition

James E. Upshaw, Sr.
1127 Mannheim Rd., #313
Westchester, IL 60154

Christian Dream Builders
Financial Planning, Inc.
Kenneth D. Bivens
20180 Governor's Hwy., Ste. 310
Olympia Fields, IL 60461

Cash Link Systems, Inc.
Michael Quilling, Receiver
2001 Bryan St., Ste. 1800
Dallas, TX 75201

Order of Prohibition

IMG
1480 Terrell Rd., PMB 794
Marietta, GA 30067

J & R Financial Group, Inc.
3805 Kingsley Dr.
Springfield, IL 62707

Our Stock Profits
9 E. Elm Ct.
Rensselaer, NY 12144

Premium One Solutions
119 W. 72nd St., #170
New York, NY 10023

Siemens Financial A/K/A
Siemens Financial Services
690 First Ave. South
St. Petersburg, FL 33701

Westminster Financial Services, Inc.
A/K/A Westminster Finance, Inc.
253 Pinelawn Rd., Ste 607
Melville, NY 11747

Douglas A. Brian
1001 S. Main St.
Yorkville, IL 60560

Joseph A. Cantafio
718 Concord Ln.
Barrington, IL 60010

Order of Prohibition and Fine

Golden Years Planning
Bonnie Rohr
101 Delmar Ave.
O'Fallon, IL 62269

Settlement Agreement

UBS Financial Services, Inc.
1285 Avenue of the Americas
New York, NY 10013

Consent Order of Revocation

SCO Securities L.L.C.
(B/D# 47748)
1285 Avenue of the Americas, 35th Fl.
New York, NY 10019

Sandpoint Capital, L.L.C.
(CRD# 123528)
1320 Tower Rd.
Schaumburg, IL 60173

James S. Huh (CRD# 2068846)
Inmate Registration Number 16652-424
Morgantown Federal Correction
Institute
466 Greenbag Rd., Route 857
Morgantown, WV 26501

Consent Order of Suspension

Barbara R. Kaplan
a/k/a Barbara R. Israel
(CRD# 264030)
180 E. Pearson
Chicago, IL 60611

Consent Order of Censure

James E. Zogby (CRD# 2549557)
12300 Woodridge Ct.
Dunlap, IL 61525

Joseph W. Hagan (CRD# 1980623)
139 Stone Hill Rd.
Colts Neck, NJ 07722

Joseph LaRocca (CRD# 1144173)
33 Red Coach Ln.
Locust Point, NJ 07760

Consent Order of Withdrawal

Brian F. Bimelson (CRD# 2262474)
314 Powderhorn Rd.
Fort Washington, PA 19034

Richard A. Saitta (CRD# 2592014)
600 Revere Dr.
Yorktown Heights, NY 10598

William H. Pluchel (CRD# 830293)
14228 N. 3rd Ave.
Phoenix, AZ 85254

Christopher M. Murray
(CRD# 4187317)
252 7th Ave., Apt. 10N
New York, NY 10011

William T. Mukai (CRD# 1760223)
534 Jon Lane
Des Plaines, IL 60016

Patrick O. Pascarella (CRD# 819627)
180 Woods End
Basking Ridge, NJ 07920

Stipulation to Enter Consent Order of Withdrawal

Brian K. Martinsen (CRD# 28115688)
222 Midland Blvd.
Lake Ron Kon
Koma, NY 11779

Order of Denial

Scott D. Sutherland (CRD# 1303204)
348 Pondview Dr.
Palatine, IL 60067

Mark D. DeSouza (CRD# 4729240)
2249 North Oakley Ave.
Chicago, IL 60647

Summary Order of Denial

Rizwan Fazeel (CRD# 4476016)
4 Russell Dr., Apt. C 12
Mineola, NY 11501

Crestone Securities L.L.C.
(B/D# 103981)
1050 Walnut St., Ste. 402
Boulder, CO 80302

Patrick O. Pascarella (CRD# 819627)
180 Woods End
Basking Ridge, NJ 07920

Mark De Souza (CRD# 4729240)
2249 N. Oakley Ave.
Chicago, IL 60647

Administrative Orders now available online

Enforcement Administrative Orders have been included in each Securities Bulletin since spring 2002. Those orders, as well as press releases specific to the actions of the Securities Department, are now available at www.cyberdriveillinois.com. Orders are arranged by year and month, going back to January 2003. The entire order is downloadable.

ATTENTION!

Lions, Kiwanis, Rotary Club members:

If you are a member of a group that regularly has a need for speakers and presentations, please contact the Securities Department at 800-628-7937. Presentations on investment fraud, including timely material on investing, are available free to any civic group at any part of the state.

Investor Education reaches out to more than 2,100 Illinois students

The Securities Department's Investor Education Division reached out to Illinois schools again for the last half of the 2004-2005 academic year. Since January, programs have been given in 23 schools — from Antioch to Mounds.

A total 53 hours of instruction was given to more than 2,100 students utilizing the Financial Literacy 2010 curriculum, "Personal Finance for the Economics Classroom," including topics on basic investing, credit and financial markets. The program is the second-edition of the popular Basics of Savings and Investing program, which is produced through a grant by the Investor Protection Trust.

The Securities Department is a partner with Financial Literacy 2010 to provide the curriculum free to Illinois classrooms. FL 2010 continues to be a favorite with consumer education teachers throughout the state. If you know of a school that would be interested in joining the growing list of FL 2010 participants, call the Securities Department at 800-628-7937.



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before
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888-231-1175 • Spanish
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