

# SECURITIES

Summer 2003

*bulletin*



As the spring session of the Illinois General Assembly closed, much talk focused on the state budget. However, my office was successful in having several pieces of substantive legislation passed, among them, Senate Bill 1865, which provides additional protections for Illinois investors.

Sponsored by Sen. Patrick Welch and Rep. Robert Molaro and co-sponsored by Senators Susan Garrett and Barack Obama and Rep. Eddie Washington, SB 1865 amends the Illinois Securities Law to provide greater protection to people who invest their hard-earned money and, all too often, discover they have become victims of securities fraud. The legislation targets securities dealers who use false financial statements to induce people to invest their money. It also makes it a violation for employees of brokers and investment advisers to engage in unethical behavior and to fail to maintain records and documents required by law.

Additionally, the legislation allows for the appointment of "special agents" with limited police powers to assist in the arrest of financial criminals, filling a gap left by the reassignment of federal agents to homeland and national security matters. The bill also provides for the seizure and forfeiture of assets obtained through defrauding investors. The Securities Department, the Illinois Attorney General and the Illinois State Bar Association all supported the legislation with no group testifying in opposition.

My office is committed to working with the Attorney General's Office in filing suits to return assets to the victims of securities fraud. I commend the sponsors of this legislation for their leadership in passing the bill and the entire 93rd General Assembly for its continued support of Illinois investors.

*Jesse White*  
**Jesse White**  
Secretary of State



## Secretary of State Jesse White and Attorney General Lisa Madigan join forces to combat securities fraud

In March 2003, the grand jury of the Circuit Court of Cook County indicted Vincent Williams on three counts of violation of the Illinois Securities Act and three counts of theft. A registered investment adviser, Williams sold fraudulent securities and converted funds from at least seven Illinois investors. He was indicted for converting about \$150,000 from an elderly disabled woman — her entire retirement savings. More counts are expected based on the other defrauded investors.



The Securities Department had issued an Order of Prohibition against Williams in August 2002. Attorney General Lisa Madigan brought the case against Williams this spring based on a referral from the department.

In addition to the Williams case, Secretary of State Jesse White and Attorney General Madigan recently issued a multi-count complaint against Stan Edwards and Omni Group. Edwards promised at least one Illinois investor that her \$30,000 investment in Omni would double in 60 days. Edwards failed to disclose the company's history of bad checks and troubled financial condition, which would make it unable to repay the investment earnings.

The Securities Department had issued an Order of Prohibition against Edwards and Omni Group in October 2002. On March 18, 2003, the Chancery Court of Cook County enjoined Stan Edwards from selling securities in or from Illinois, among other penalties, in the Attorney General's broader action.

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## June 30 deadline for branch office reporting

Securities dealers registered under the Illinois Securities Law of 1953 are required to file an annual report with the Illinois Securities Department that discloses each branch office location in the state. The annual report must be filed with the department on or before June 30, 2003, accompanied by a \$20 fee for each branch office reported.

To facilitate the filing of this report, the Securities Department in mid-May mailed pre-printed Annual Report of Branch Offices in Illinois forms to registered dealers, along with an attachment listing each individual firm's prior reporting of branch offices. To complete the branch office filing requirements, all registered dealers must:

- (1) Make any necessary changes and sign and date the Annual Report of Branch Offices in Illinois form; and
- (2) Review the Branch Office List and make any necessary corrections that reflect all branch offices in Illinois as of May 31, 2003. The complete address of any branch office in Illinois not listed on the attachment must be added.

Registered dealers who do not have branch offices in Illinois, may simply check the appropriate box on the form, sign and date the form, and return it to the Securities Department. Salespersons who maintain a primary branch office where all required records are maintained, but also service other locations on an appointment-only basis, need to designate other locations as "Appointment Only" on the Branch Office List. However, a primary branch location should be indicated as the records location for each Appointment Only office.

Filings received after June 30, 2003, are subject to a \$50 late filing fee and possible enforcement action. All inquiries regarding the broker-dealer annual branch office filing process may be directed to the Securities Department at 217-524-0645.

## Investor Education coming to a fair near you

Summer in Illinois means fairs, festivals and investor education. The Securities Department's Investor Education Section is once again manning booths and distributing information at many fairs and festivals throughout the state.

June kicked off with Securities staff greeting seniors at the Senior Fair at Drury Lane on June 9. Later that week, Investor Education staffers talked with fairgoers at the Secretary of State's booth at the Sangamon County Fair in New Berlin, June 11-15.

June 27 through July 6 is the famed Taste of Chicago, where Securities staff will be giving away Investor Guides. And stop by the Naperville Rib Fest, July 2-5, and talk with Securities staff about questions to ask when consulting with a broker or investment adviser. Look for the Securities Department at the Peoria Balloon Fest, July 11-12, and in Mattoon for Bagelfest, July 24-26.

You will also find Securities staff, along with other Secretary of State department representatives, in the Secretary of State's tent at the 151st annual Illinois State Fair in Springfield, August 8-16. Stop by the Securities counter and win a piggy bank in exchange for testing your knowledge of financial matters and money smarts. Labor Day weekend wraps up the fair season with Rockford's On the Waterfront.

**Illinois Securities Department**

**800-628-7937 • 888-231-1175 (Spanish line)**

# Enforcement Administrative Orders

February 2003 — May 2003

## Summary Order of Denial

Keith Anderson (CRD #1401002)  
Messin Way  
Atlanta, GA 30328

## Order of Denial

Leila K. Shuminer (CRD #423022)  
7820 Noremac Ave.  
Miami Beach, FL 33141

## Consent Order of Censure

Prudential Securities Inc. (CRD #7471)  
One Seaport Plaza, 30th Floor  
New York, NY 10292-1030

Kevin Ortmeyer (CRD #1648546)  
440 Ridge Ct.  
Lake In The Hills, IL 60156

## Order of Revocation

Harvey L. Bunker, Jr. (CRD #3015864)  
23905 Wisconsin Rd.  
Ashley, IL 62808

George H. Malagon, Jr. (CRD #2088064)  
189-0264th Ave., Apt. 8G  
Fresh Meadows, NY 11365

Gina Stevens (CRD #4264673)  
2217 Ashbrook Ln.  
Plainfield, IL 60544

## Consent Order of Revocation

Aryeh T. Goldbloom (CRD #2959600)  
6500 N. Albany Ave.  
Chicago, IL 60645

James E. Cleary, Jr. (CRD #265551)  
3300 N.E. 192 St.  
Averturer, FL 33180

Luis J. Delcastilo II (CRD #2379491)  
7471 Wescott Terrace  
Lake Worth, FL 33432

Wayne P. Messner (CRD #2170398)  
65 Fox St.  
Gloversville, NY 12078

Robert Loal Boeke, Sr. (CRD #2515281)  
6720 Simpson Rd.  
Rockford, IL 61102

Arthur D. Elrod (CRD #855027)  
1504 S. 97th  
Omaha, NE 68124

Harry Cavallaris (CRD #1955887)  
1065 Vanderburg St.  
Gary, IN 46403

## Consent Order of Censure

Randall C. Peck (CRD #829170)  
16326 Underwood Ave.  
Omaha, NE 68118

## Consent Order of Censure and Revocation

Michael Niemczyk (CRD #3097183)  
2841 Falling Waters Dr.  
Lindenhurst, IL 60046

## Order of Prohibition

Edward M. Olson  
1028 N. Ash St.  
Waukegan, IL 60085

P.O. Box 717  
Round Lake, IL 60073

Alan J. Touch  
3209 Gresham Lake Rd., Ste. 128  
Raleigh, NC 27615

Touch Scientific, Inc.  
3209 Gresham Lake Rd., Ste. 128  
Raleigh, NC 27615

Michael J. Murphy  
17332 S. Parker Rd.  
Homer Glen, IL 60441-9738

Kenneth MacQueen (CRD #2323098)  
10755 Deer Run Dr.  
Orland Park, IL 60467-8857

MacQueen Capital Management Corp.  
10755 Deer Run Dr.  
Orland Park, IL 60467-8857

Holoworld, Inc.  
21700 N. Oxnard St., #540  
Woodland Hills, CA 91367

21031 Ventura Blvd., Ste. 520  
Woodland Hills, CA 91364

SBU, Inc.  
720 Olive St.  
St. Louis, MO 63101

James Gibson, President  
SBU, Inc.  
720 Olive St.  
St. Louis, MO 63101

Marjorie M. Gibson  
720 Olive St.  
St. Louis, MO 63101

Jacqueline M. Little, V.P.  
SBU, Inc.  
720 Olive St.  
St. Louis, MO 63101

Stan Edwards  
2560 Oakwood Terrace  
Olympia Fields, IL 60461

Omni Group, LLP  
311 S. Wacker Dr., Ste. 4550  
Chicago, IL 60606

Omni Group Worldwide, Inc.  
30 S. Wacker Dr., Floor 22  
Chicago, IL 60606

United Holdings  
E-3 Industrial Estate  
Kota, Rajasthan, 324007  
India

Starlight Enterprises  
15 Gerald Rd.  
Marblehead, MA 01945

Nanotechnology Holding Corp.  
1830 Lincoln Blvd., #102  
Santa Monica, CA 90404

Gold Mission  
Ken Batchelor  
609 W. Main St.  
Louisville, KY 40202

Profit Ventures Corp.  
1/77 Denison St.  
Deakin, 2600 AU

Albert M. Rossini  
550 Sheridan Rd.  
Winnetka, IL 60093

House Edge, Ltd. Partnership  
310 S. Valley View Blvd. #105  
Las Vegas, NV 89102

House Asset Management  
1505 W. Main St.  
Mt. Zion, IL 62529

Paul. J. House III  
30 Colorado Dr.  
Decatur, IL 62526

Matt Nolen  
1440 Woodland Dr.  
Mt. Zion, IL 62549

Brandon R. Moore  
1929 Ravina Pk. Rd.  
Decatur, IL 62526

Mike Lingenfelter  
2150 E. Locust  
Decatur, IL 62521

Joseph Rondoni  
6153 N. Kilpatrick  
Chicago, IL 60646

## June 27 — July 6, 2003

Taste of Chicago  
Chicago

## July 2-5, 2003

Rib Fest  
Naperville

## July 11-12, 2003

Balloon Fest  
Peoria

## July 24-26, 2003

Bagelfest  
Mattoon

## August 8-16, 2003

151st Illinois State Fair  
Springfield

## August 29-31, 2003

On the Waterfront  
Rockford



## Legal Notes

Over the past few months, much attention has been devoted to the investigation and settlement of analyst conflict of interest cases involving the country's leading investment firms. State and federal enforcement actions allege that the firms engaged in practices that created conflicts of interest on the part of research analysts. This resulted in analysts issuing research reports containing unwarranted claims. In addition, regulators found supervisory deficiencies at every firm investigated.

One message that should be taken from these actions is that securities regulators are examining supervisory practices of firms selling securities and filing actions against those that fail to exercise adequate supervision. The Securities Department encourages every firm selling securities, regardless of size, to review its current supervision procedures and to take steps to ensure that these procedures are being followed. Adequate supervision is an important measure in preventing violations of the law and regulatory problems.

Tanya Solov  
Director, Illinois Securities Department