

SECURITIES

SPRING 2008

bulletin



The stock market's ups and downs have been making major headlines. Some investors panic when they see a declining market and search for alternative investments. Many alternative investments that promise high returns are nothing more than schemes that play off the headlines. For example, when gas prices were on the rise, some con artists pitched phony investments in alternative energy. With the struggling real estate market, purported investments in foreclosed properties are being touted.

Seniors and investors nearing retirement are often most at risk of being targeted. Some investors fall for these scams and wind up losing all their retirement savings. Following are ways to protect yourself from potential scams:

- Hang up on aggressive cold callers and delete unsolicited e-mails promoting investment opportunities.
- Request written information about any investment. Review the materials with a trusted financial adviser, attorney or accountant before investing.
- Use common sense. If it sounds too good to be true, it probably is.
- Contact the Secretary of State Securities Department to check if the seller and the investment are registered and licensed. If they aren't, don't invest.

If you think you have been a victim of financial fraud, please report it to the Securities Department immediately. Your call could keep others from losing their money.

Jesse White

Jesse White
Secretary of State



NASAA sets pro-investor legislative priorities



The North American Securities Administrators Association has identified 11 key legislative priorities for the second session of the 110th Congress. The 11-point legislative agenda advances investor protection and promotes an efficient and effective regulatory environment necessary to maintain investor confidence in the capital markets. A complete synopsis of each of the 11 points is available at www.nasaa.org.

1. Support a strong and effective regulatory structure for capital markets.
2. Restore fairness and balance in the securities arbitration system.
3. Increase sanctions for crimes against senior citizens.
4. Define equity indexed annuities as securities.
5. Uphold state role in data security breach protection.
6. Maintain strong investor protection provisions of the Sarbanes-Oxley Act.
7. Advance and increase financial education efforts.
8. Reinstate state regulatory authority of Regulation D 506 offerings.
9. Update and strengthen the accredited investor definition.
10. Encourage hedge fund transparency and pension protection.
11. Preserve the authority of state securities regulators.

Investor Education

The Securities Department's Investor Education Division will present seminars and host exhibits at two teachers conferences in the coming months:

- **IACEA Adult Education Conference — Springfield, March 5-7**
- **Association for Career and Technical Education Conference — Springfield, June 18**

The department also will again host the **Financial Regulators Fair on April 23, 10 a.m. to 2 p.m., in the lobby of the James R. Thompson Center, 100 W. Randolph, Chicago**. The fair is held in conjunction with Money Smart Week. Other participating agencies include the State Treasurer's office, the U.S. Securities and Exchange Commission, the FDIC, the Office of Thrift Supervision of the U.S. Treasury, the National Futures Association, FINRA (formerly the NYSE and NASD self-regulatory organizations) and the Federal Reserve Bank of Chicago. The fair is open to the public.

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FAQ

Margin Accounts

Q My broker mentioned setting up a “margin account” for me. What is a margin account?

A A margin account involves borrowing money from your brokerage firm to buy stocks. It works like a loan, but there are risks involved. When you buy stock on margin, you increase the amount of stock you can buy, but you can also lose more money than you start with.

Q What is a “margin call?”

A A margin call is when the stock purchased has decreased in value so that more money is required by the brokerage firm to keep that margin account open. If the margin call is not met (if more money is not deposited in the account by the purchaser), the firm sells the stock in an attempt to recoup its losses from the loan.

Q I bought stock on margin and learned that my broker sold the stock when the price dropped. He never contacted me before selling the stock. Is that legal?

A Yes. There is no requirement that the broker contact the client before selling the assets of a margin account. Some firms attempt to contact the client, but others do not. Even if you are contacted and given a specific date to meet the margin call, the firm can still take immediate action and sell the stock without notifying the client.

Important facts about margin accounts

- Margin accounts involve a great deal more risk than cash accounts because you can lose more than the amount of money you initially invested.
- If you decide to purchase on margin, be aware of the interest and costs you will be charged on the money you borrow and how these costs affect your overall return.
- Ask if your firm can sell your securities without notice to you when you don't have sufficient equity in your account.



FSI: New tool for teaching fraud awareness to students

Someone's out to steal Grandma Hanna's money. Can high school student Kim uncover the clues and lead securities regulators to the crooks in time? It's not another crime show on television. The scenario is the premise behind a new learning tool for high school students provided through a joint project of the Newspapers in Education and NASAA. The Securities Department was involved in the development of the new online program being launched this spring.

FSI, or Fraud Scene Investigator, is an interactive investor education program that teaches and empowers students to detect and stop investment fraud using the Internet. Students learn how to fight fraud by delving into newspaper stock tables, researching companies through online news, and deciphering the truth of an investment from fraudulent sales pitches. In the initial FSI program titled “Suitable Investments,” a student helps uncover a million-dollar fraud in progress and put the mysterious con man, Mr. X, behind bars.

The program includes a resource guide for teachers to help take the concepts of the game into the classroom. Included are pre- and post-program assessment surveys, definitions of terms, quizzes and suggestions for guest speakers to enhance the learning experience.

For more information, please contact the Securities Department.

Dealer and Investment Adviser Renewals

Strong upward growth, especially with the number of registered brokerage salespersons and investment adviser representatives, was recorded in the recently completed annual renewals processing season. New records were set for renewals related to investment adviser firms (combined total of state-registered and notice filings), brokerage salespersons and representatives. The three-year trend for these renewal categories is detailed below:

Renewals	2005	2006	2007
Broker/Dealers	2,540	2,562	2,574
Salespersons	138,954	142,923	158,272
Investment Advisers	2,069	2,214	2,497
Investment Adviser Representatives	12,030	13,510	16,066

Annual renewal revenues associated with these categories totaled \$24.9 million, \$25.8 million and \$28.8 million, respectively, for calendar years 2005, 2006 and 2007.

2008 Filing Deadlines

December 1, 2008

- Business Brokers and Loan Brokers — Renewal forms for calendar year 2009 due.

December 31, 2008

- Broker/Dealers — Designated Principal filing statements due.
- Registered Investment Advisers — Designated Principal filing statements and Reports of Branch Offices due.

All statements and forms are due to the Illinois Securities Department by the due date.

All renewal forms are mailed by the Securities Department in mid-October to the current address on file with the department for each firm.

Enforcement Administrative Orders

Administrative Orders also are available at www.cyberdriveillinois.com

(click Departments, Securities, Administrative Actions).

Order to Cease and Desist

Compact Vending, Inc.
600 17th St., Ste. 2800 South
Denver, CO 80202

Direct Buy Video
118 N. Archwyck Cir.
The Woodlands, TX 77382
701 SW 62nd Blvd., FF-232
Gainesville, FL 32607
8902 Donley Dr.
Oklahoma City, OK 73127

Patrick Wherley
Network Franchising, Inc.
Success Systems
6238 Red Canyon Dr., #A
Littleton, CO 80130

Williams Realty and Investment
Grow Wealth Enterprises
Hyde Park Bank Bldg.
1525 E. 53rd St., #139
Chicago, IL 60615

Guy Williams
6127 S. Woodlawn Ave.
Chicago, IL

Automated Internet Group
5025 N. Central Ave., #492
Phoenix, AZ 85012

Consent Order

William J. Murphy
Birkelbach Investment
Securities, Inc.
208 S. LaSalle, Ste. 1700
Chicago, IL 60604

Consent Order of Dismissal

Carl D. Maxwell (CRD#601141)
321 Island View Ln.
Lake Barrington, IL 60010

Charles L. Doraine (CRD#1490815)
5310 Greenbriar Dr.
Corpus Christi, TX 78413

Consent Order of Fine

York Stockbrokers, Inc.
(BD#102740)
610 5th Ave., 6th Fl.
New York, NY 10020

Order of Prohibition

B.D. & J. Enterprises, Inc.
P.O. Box 54333
Lexington, KY 40356

Jewell Robbins
128 Barkley Estates
Nicholasville, KY 40356

William Burgin
128 Barkley Estates
Nicholasville, KY 40356

Lee H. Anglin
(#18600-424)
Metropolitan Correction Center
71 W. Van Buren St.
Chicago, IL 60605

Summerfield Oil & Gas
Development Corp.
17810 SE 108th Ct.
Summerfield, FL 34491

Michael Pearman
17810 SE 108th Ct.
Summerfield, FL 34491

Parkers and Assoc.
127-B Bridgeton Pike Rd., Ste. 351
Mullica Hills, NJ 08062

K & G Marketing, Inc.
Gregory M. Mooney
1352 European Dr.
Henderson NV 89052

CitiLife Financial Group
55 Madison Ave.
Morristown, NJ 07960

Range Energy, Inc.
J&L Enterprises, Inc.
2000 Oil and Gas Fund
6729 N. Mount Hawley Rd.
Peoria, IL 61614

Emily Sanders
23638 Pleasant Hill Dr.
Crete, IL 60417

Merrick Sanders
23628 Pleasant Hill Dr.
Crete, IL 60417

Global Financial & Assoc., Inc.
15435 S. Park Ave.
South Holland, IL 60473

Jeremy M. Stamper
120 Lakeside Ave., Ste. 230
Seattle, WA 98122

Federal Savings LLC
110 Lakeside Ave., Ste. H
Seattle, WA 98122

First Bancshares, LLC
110 Lakeside Ave., Ste. H
Seattle, WA 98122

USA Financial Service
15 Welby Rd.
New Bedford, MA 02745

Metro Suburban Realty
Mirasol Taba
3965 Ludington Ct.
Hanover Park, IL 60103

Onesource Financial Group LLC
Alex Roderick
Mark Lebowitz
600 Anton Blvd, 11th Fl.
Costa Mesa, CA 92626

Brad A. Weaver
(#227854)
Kankakee County Detention
Center, 2 NE
400 E. Merchant St.
Kankakee, IL 60901

Woods and Sheldon
980 N. Michigan Ave.
Chicago, IL 60611

Woods and Sheldon
70 W. Madison St.
Chicago, IL 60602

R. Alan Jamieson
2714 W. Argyle St.
Chicago, IL 60625

Danco Plastics, Inc.
3110 Crosby St.
Rockford, IL 61108

Danny W. Davis
3110 Crosby St.
Rockford, IL 61108

The Mora Group, Inc.
Julio C. Mora, Jr.
3223 Lake Ave.
Ste. 15C-318
Wilmette, IL 60091

The Mora Group, Inc.
Julio C. Mora, Jr.
1460 W. 28th St.
Miami Beach, FL 33140

Theodore Robinson
1527 S. Kedzie Ave.
Chicago, IL 60623

Mazumah International, Inc.
3525 Del Mar Heights Rd., #213
San Diego, CA 92130

Sanchez and Assoc. Marketing
Daniel V. Sanchez
Norberto Falcon
250 Parkway Dr., Ste. 150
Lincolnshire, IL 60069
P.O. Box 5139
Buffalo Grove, IL 60089

Chad Eric Steiner
(#13759-026)
Yankton Federal Prison Camp
1100 Douglas Ave.
Yankton, SD 57078

PH Consulting
112 Clover Valley Dr.
Lexington, KY 40511

Monument Peak Investments LLC
Christopher Turner
7210 Oak St., #4SE
River Forest, IL 60305

Jemnh Insurance Service, Inc.
John Marsh
6924 Johnson Rd.
LaPorte, IN 46350

Mid-America Energy, Inc.
129 Haven St., Unit A
Hendersonville, TN 37075

Gary Milby
493 Pleasant Run Church Rd.
Campbellsville, KY 42718

Bank Watch
Brian Jines
Frank Panice
2304 Olde Mille Rd.
Plainfield, IL 60544
227 E. Main St., Ste. 204
Niles, MI 49120

Brian Jines
(#18346-424)
Metropolitan Correctional Center
71 W. Van Buren St.
Chicago, IL 60605

Frank Panice
(#18347-424)
Metropolitan Correctional Center
71 W. Van Buren St.
Chicago, IL 60605

Michael Rober Vilim
816 Royal St. George Dr.
Naperville, IL 60563
Will County Jail
95 S. Chicago St.
Joliet, IL 60435

(continued)

Enforcement Administrative Orders (cont.)

Rose Realty Advisors, Inc.
1017 Gold Rd.
Hoffman Estates, IL 60169

Order of Prohibition and Suspension

John Kavalec
(CRD# 1309961)
611 Ridgelawn Tr.
Batavia, IL 60510

Consent Order of Prohibition

Grace Edwards
6201 S. Indiana Ave.
Chicago, IL 60637

Consent Order of Revocation

Brian E. McLain
(CRD# 1646092)
8542 W. Berry Ln.
Tinley Park, IL 60477

Earl D. Glick (CRD# 2248187)
127 N. Jupiter
Cortland, IL 60112

Order of Revocation

John F. Tyus (CRD# 1475677)
599 Eastern Pkwy.
Brooklyn, NY 11216

Consent Order of Withdrawal

Alfred B. Blaikie III
(CRD# 2466528)
4 Shadowbrook Dr.
Colts Neck, NJ 07722

Flynn L. Andrew (CRD# 2748728)
127 Woodcrest Ct.
Macon, GA 31210

Craig L. Josephberg
(CRD# 2709288)
355 E. 72nd St., Apt. # 17B
New York, NY 10021

James A. Parrelly
(CRD# 728368)
24645 Fairmont Dr.
Dearborn, MI 48124

Evan K. Davis (CRD# 2995789)
5103 Parkwood Oaks Ln.
Mableton, GA 30126

Dennis R. Weddle II
(CRD# 2671849)
728 Viola Cir.
Henderson, NV 89015

Daniel C. Lacey (CRD# 4312702)
8701 Samuel Bishop Dr.
Austin, TX 78736



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888-231-1175 (Spanish line)

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