

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: Steven Georgopoulos

FILE NO. 0700381

NOTICE OF HEARING

TO THE RESPONDENT:

Steven Georgopoulos
(CRD#: 2800393)
2214 Rosemont Street
N. Bellmore, New York 11710

C/O Pointe Capital, Inc.
(CRD#: 112097)
1211 Steward Avenue
Bethpage, New York 11714

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 25th day of June, 2009 at the hour of 11:00 a.m. or as soon as possible thereafter, before George Berbas, Esq., or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered denying Steven Georgopoulos's (the "Respondent") application for registration as a salesperson in the State of Illinois and/or granting such other relief as may be authorized under the Act including but not limited to the imposition of a monetary fine in the maximum amount pursuant to Section 11.E(4) of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

1. That on August 3, 2007, the Respondent filed an application for registration with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act.

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2. That on March 13, 2003, the Securities Commissioner of the State of Utah entered a Default Order (the "Order") in Case SD-02-0098 against the Respondent which imposed the following sanctions:
 - a. Respondent must permanently cease and desist violating §61-1-1, §61-1-3, or any other section of the Act; and
 - b. Respondent must pay a fine of \$30,000.00.

3. The Notice of Charges alleged:
 - a. Respondent is an individual who was employed by Harrison Securities, Inc. ("Harrison") from November 2000 to June 2001.
 - b. On or about February 26, 2001, the Division received a complaint from Kent Barker ("Barker") stating that Respondent was an unlicensed broker-dealer agent who contacted Barker in an attempt to sell stock in International Game Technology ("IGT").
 - c. Respondent called Barker on February 26, 2001, February 27, 2001 and March 6, 2001. Barker took notes of and/or recorded each conversation.
 - d. A search of the records of the Central Registration Depository ("CRD") revealed that Respondent was not licensed as a broker-dealer agent in Utah at the time of the calls to Barker.
 - e. In their three telephone conversations, Respondent did not tell Barker that he (Respondent) was not licensed to sell securities in the state of Utah.
 - f. During his telephone conversations with Barker, Respondent misrepresented material facts, including but not limited to:
 - 1) Respondent said he had clients in North Carolina, Texas, California, New York, and a lot of business overseas and in New Zealand. In fact, Respondent had no clients in North Carolina, Texas or California. Respondent had one client in New Zealand and one client in Cyprus. These two international clients account for 9 percent of Respondent's client base.
 - 2) Respondent said that he had about 150 clients. In fact, the account printouts provided to the Division by Harrison indicate that Respondent had only 22 clients. Of those 22 accounts, four were accounts of

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Respondent's relatives and one was Respondent's own account.

- 3) Respondent said that his biggest client had about \$3.5 million invested with Respondent. In fact, as of June 1, 2001, the largest account Respondent serviced was worth \$30,652.62. Respondent said that he was registered "in about 30 states."
- 4) In fact, at the time of the calls to Barker, Respondent was registered in only nine states. Respondent said that Wexford Securities was Harrison's "bank clearing agent" who insured investor money for a hundred million dollars. Harrison, in fact, clears through Wexford Clearing Services Corporation ("Wexford"), not Wexford Securities. Wexford is a clearing agent but not a bank clearing agent. In addition, Wexford does not insure client funds for "a hundred million dollars." Wexford as a member of the Securities Investor Protection Corporation ("SIPC"). SIPC's responsibility is to make sure customer's cash and securities are returned in the event a clearing firm or broker-dealer becomes insolvent.
- 5) Respondent said that Wexford Securities was Harrison's "bank clearing agent" who insured investor money for a hundred million dollars. Harrison, in fact, clears through Wexford Clearing Services Corporation ("Wexford"), not Wexford Securities. Wexford is a clearing agent but not a bank clearing agent. In addition, Wexford does not insure client funds for "a hundred million dollars." Wexford as a member of the Securities Investor Protection Corporation ("SIPC"). SIPC's responsibility is to make sure customer's cash and securities are returned in the event a clearing firm or broker-dealer becomes insolvent.
- 6) Respondent said that Harrison has been in the business for 17 years. In fact, Harrison was incorporated on April 27, 2000. Harrison did purchase a California broker-dealer, DL Springate Securities. DL Springate became licensed with the Securities and Exchange Commission ("SEC") and the National Association of Securities Dealers ("NASD") in 1983.
- 7) Respondent said numerous times that he was a junior partner at Harrison. In fact, in a signed statement dated July 18, 2001, Frederick Blumer ("Blumer"), a majority shareholder of Harrison, wrote "Harrison Securities, Inc." does not authorize or condone the use of the title 'junior partner' by any of its employees." While

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employed at Harrison, Respondent was not licensed as a supervisor and has not taken a securities principal licensing exam.

- 8) Respondent said that Salomon Smith Barney "upped their recommendation" and that Merrill Lynch, Credit Suisse First Boston and ten other major firms were covering the stock [IGT]. In fact, a review of Yahoo Finance's Analyst History for IGT evidences that neither Salomon Smith Barney nor any other analyst "upped their recommendations" the week prior to Respondent's call to Baker.
- g. Barron's Financial Guides Dictionary of Finance and Investment Terms, Fifth Edition, defines a boiler room as a "place where high-pressure salespeople use banks of telephones to call lists of potential investors in order to peddle speculative, even fraudulent, securities. They are called boiler rooms because of the high-pressure selling."
- h. Barron's Financial Guides Dictionary of Finance and Investment Terms, Fifth Edition, defines a boiler room as a "place where high-pressure salespeople use banks of telephones to call lists of potential investors in order to peddle speculative, even fraudulent, securities. They are called boiler rooms because of the high-pressure selling."
- i. In his conversations with Barker, Respondent used high-pressure, boiler-room sales tactics in an attempt to influence Barker to purchase IGT stock. These high pressure sales tactics include, but are not limited to, the following comments:
 - 1) "I, I'm opening accounts with this prospecting new clients on this company [IGT] because I know, you know any client that I get involved here on the fifty dollars a share it's gonna be you know a client that's gonna make money. I'm not sitting here trying to guarantee you anything. I just have a company here that I feel is gonna trade higher, you know within the next 30 to 60 days. And like I said yesterday Kent, all I'm looking for is for one shot one hundred shares. I will limit your down side by utilizing a top. . inaudible. order. All I need to know, Kent, is how do you want to title this? You want to do a joint or individual?"
 - 2) "And like I said yesterday, Kent I can give you any [telephone] number you want, but the bottom line is you have a business to run, you have a job, you have a family, you have more important things to worry about than to call Steven Georgopoulos back in New York to

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buy a hundred shares of stock. . . I'm telling you right now if you give me the one shot on a hundred shares, you're gonna feel a lot more comfortable tomorrow morning when you do receive my Fed-Ex Package.

- 3) "I'm not about to sit here and ask you to send me five thousand and send you back nothing. I'm asking you to send me five thousand or fifty-five hundred wherever the stock is right now. And I want to send you back seventy-five hundred.
- 4) "The check is not due today, it's not tomorrow, you take this week, take, take the weekend, look at my folder, look at my breakout summary, look at all of, you know, look at all of my information, and I'm telling ya, you're gonna be pretty impressed."
- 5) "Kent, let me ask you this. You, you and I both know if I give you 'til next Tuesday to come up with the five grand, you could probably do it if you had to, am I right'.
- 6) "By the time you get my Fed-Ex package tomorrow and you see the stock trading at 56, you're gonna say all right Steve. I'm glad you pushed me into doing the, the hundred shares, just so you know all I need from here is a social number."
- 7) "So what, you do . . . you trying to tell me you don't have the money?"
- 8) "I know it's a ridiculous order but you know what, at least this way it allows me to get my paperwork across your desk, okay, you're talking about half the position. I'm sure you could come up with \$3,000 by Tuesday if you had to."
- 9) "So give me the one shot. Let me get my paperwork across your desk, this way I can service you, make you one of my clients. I can call you up, I can keep you updated, let you know exactly what's going on and you know what Kent, at the end of 30 days that's the way you're gonna find out if you want to do business with me for the future."
- 10) "And if you give me the one shot on, on the fifty, you know on the fifty, let, let me prove myself to you that I know what I'm talking about and I will limit your downside.

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- 11) "Pull the trigger. Kent It's not a big deal, believe me. When I call you tomorrow to let you know exactly how much we're up, you're gonna, you're gonna say God damn it why didn't you push me to go a little bit more."
- 12) "This is not a get quick rich scheme I'm not trying to scam your money. . . You pull the trigger on the hundred, on you know on the fifty and I'm telling you right now. Kent, I am not gonna let you down. It's gonna put a smile on your face from ear to ear, when, when you see the results."
- 13) "Come on. Stop procrastinating here."
- 14) "That's fine. Listen Kent. I don't want you to worry about where the funds are gonna come from or how long it is gonna take. I tell you I can give you up to five business days. You and I both know I give you till next Tuesday you could come up with the funds."

j. In addition, Barker's notes and recordings included implied Guarantees:

- 1) "Wexford Securities . . . insures your money for a hundred million dollars;"
- 2) "If I get you involved here we're gonna make some money;"
- 3) "You know in the next couple of months...this stock will be going for seventy;"
- 4) "I'm telling you we're gonna make some money together;"
- 5) "Send 55.600 and get back \$7,500 in 30 days;"
- 6) "Each day 50 cents higher;" and
- 7) "It won't trade down."

k. Section R164-6-Ig (C)(I6) of the Utah Administrative Code ("UAC")(applied to agent in §R164-6-Ig(D)(7) of the U AC) defines "dishonest or unethical practices" to include:

guaranteeing a customer against loss in any securities account of the customer carried by the broker-dealer or in any securities transaction effected by the broker-dealer with or for the customer.

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1. Section 61-1-I of the Act states, in relevant part:
It is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to:
 - (1) employ any device, scheme or artifice to defraud;
 - (2) make any untrue statement of a material fact or to omit to state a material fact. . . or;
 - (3) engage in any act... which would operate as a fraud or deceit upon any person.

 - m. Section R 164-1-3 (C) of the UAC enumerates certain acts that are "deemed fraudulent." Included on this list is: (1)(i) "effecting transactions in, or inducing the purchase or sale of any security by means of any manipulative, deceptive or other fraudulent device of contrivance, including the use of boiler-room tactics or use of fictitious or nominee accounts."

 - n. Respondent omitted and misstated material facts, as stated above, in connection with the offer of IGT securities in violation of 61-1-1 of the Act. In addition, Respondent's use of high-pressure, boiler-room sales tactics violates the anti-fraud provisions of 61-1-1 of the Act.

 - o. Section 61-1-3(1) of the Act states, in relevant part:

It is unlawful for any person to transact business in this state as a broker-dealer or agent unless the person is licensed under this chapter.

 - p. Respondent was not licensed to sell securities in Utah. His efforts to sell IGT stock to a Utah Resident were, therefore, in violation of 61-1-3 of the Act.
4. That by virtue of the foregoing, the Respondent's application for registration as a salesperson in the State of Illinois may be denied pursuant to Section 8.E(1)(k) of the Act.

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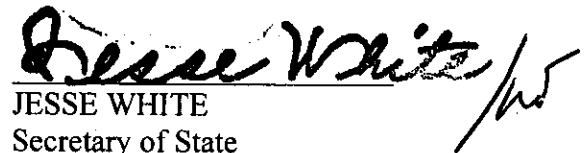
You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 ILL. Adm. Code 130)(the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this Notice. A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

A copy of the Rules, promulgated under the Act and pertaining to hearings held by the Office of the Secretary of State, Securities Department, is included with this Notice.

Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

DATED: This 6th day of May, 2009.


JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:
Maria Pavone
Office of the Secretary of State
Illinois Securities Department
69 West Washington Street, Suite 1220
Chicago, Illinois 60602
312-793-3022

Hearing Officer:
George Berbas, Esq.
180 N. LaSalle Street
Suite 1800
Chicago, Illinois 60601
Telephone: (312) 263-2250