



Jesse White
SECRETARY OF STATE

NEWS

ILLINOIS SECRETARY OF STATE

FOR IMMEDIATE RELEASE

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**White Announces Disciplinary Actions
Against Eight Investment Brokers
Over \$6 Million In Fraud Alleged**

CHICAGO — Secretary of State Jesse White's Securities Department has taken administrative action against eight Illinois investment brokers, alleging that they defrauded their clients of more than \$6 million.

All of the brokers were alleged to have either withdrawn money from client accounts without the clients' knowledge and converted the money to their personal benefit, or borrowed money from clients in exchange for promissory notes, a practice prohibited in most cases by securities regulations. In the case of the promissory notes, all were eventually in default for non-repayment.

"With recent cases like Enron and Worldcom coming to the forefront, it is becoming critical that securities regulators take a proactive approach to safeguarding the interests of the individual investor through tough enforcement," White said. "Our Securities Department is doing just that, and the investing public in Illinois can rest assured that it will continue."

Those charged in the department's actions include:

Thomas Thorp, a Peoria broker, formerly registered with Lincoln Investment Planning, Inc. Thorp was charged with defrauding nearly \$1 million from Peoria-area teachers in a scheme involving the issuance of promissory notes in return for money borrowed by the victims from their tax-deferred annuities. Thorp has been permanently prohibited from selling securities in Illinois.

Rick Burnett, a Mt. Zion broker, formerly registered with Bracek and Young Advisors, Inc. Burnett was charged with forging a client's name to withdraw \$175,000 from the client's annuity contract and converting the money to his own personal use and benefit. Revocation proceedings are currently underway to terminate Burnett's registration to sell securities in

Illinois.

David Novak, a Winnetka broker, formerly registered with WMA Securities, Inc. Novak was charged with withdrawing \$100,000 from a client's annuity contract and converting the money to his own personal use and benefit. Novak's securities registration was retroactively revoked and he has been permanently prohibited from selling securities in Illinois.

John J. Kiley, a Tinley Park investment consultant and president of John J. Kiley Financial, Inc., formerly registered as a broker. Kiley solicited investments in two Illinois companies being offered in a private placement. He was charged with misappropriating approximately \$85,000 from six Illinois investors and an additional \$50,000 from out-of-state investors. Kiley has been permanently prohibited from selling securities in or from the State of Illinois.

Paul House III, a Decatur-area investment consultant and a managing member of House Asset Management, LLC. House was charged with soliciting \$2.9 million from approximately 100 investors through fraudulent misrepresentations and omissions. During the course of the investigation, the Illinois Securities Department uncovered much of the investors' funds being used by Paul House III for his own personal benefit. House has been permanently prohibited from selling securities in Illinois. Two other Decatur-area people associated with House Asset Management, LLC, have also been charged in this matter. **Matt Nolan**, a managing member of House Asset Management, LLC, and **Brandon Moore**, chief financial officer of House Asset Management, LLC. Both have been permanently prohibited from selling securities in Illinois.

Vincent Williams, a Chicago-area investment adviser, formerly registered as Vincent Williams & Co. Williams was charged with defrauding multiple victims of approximately \$182,000 originally solicited for IRAs. Williams was also charged with soliciting from investors approximately \$92,000 for a real estate rehab project. These funds remain unaccounted for. Williams has been permanently prohibited from selling securities in Illinois.

White pointed out that the Securities Department's investigation was ongoing and that actions against additional brokers were likely. He also indicated that under the Illinois Securities Act, cases brought by the department could be referred to various state and federal prosecutors for criminal action.

White also said that investors should be diligent in checking out the registration of investment brokers with whom they are entrusting their money. Investors should request of their broker a periodic review of their portfolio. White cautions investors against the practice of loaning money to a broker as an investment.

Anyone wishing to check on the registration of an investment broker, or a

specific investment, can call the Illinois Securities Department at 1-800-628-7937.