

SECURITIES

Fall 2005

bulletin



“Be aware of Hurricane Katrina-related scams”

In the aftermath of the devastating hurricanes that pummeled the Gulf Coast, the public should beware of emerging investment scams. Unfortunately, when tragedy strikes, there are those who attempt to take advantage of the situation and its victims. I want to ensure that investors and others who want to help the victims are not throwing away their hard-earned money.

Scam artists may use telephone sales, advertisements or Internet postings touting investment pools or bonds to help hurricane victims. They also may advertise supposed water removal or purification technologies and electricity-generating devices. These ads should be a red flag. Investors also should beware of oil and gas scams in the wake of rising gas prices.

In the world of investing, if it sounds too good to be true, it probably is. I encourage investors to check out potential investments by calling the Securities Department at 800-628-7937. Following are a few tips to help investors avoid loss:

- Hang up on cold callers.
- Beware of e-mail or Internet messages discussing small companies with new hurricane-related technologies or products.
- Use common sense. If the profits sound too good to be true, it probably is a scam.



Jesse White

Jesse White
Secretary of State

Securities Department integral in prosecution of recent fraud cases

The Illinois Securities Department's Enforcement Division was an integral part of four successful cases this summer in which several men were convicted and/or sentenced as a result of securities fraud.

Damon case — Douglas Damon was sentenced July 29 to 56 months in prison and ordered to pay \$465,415 in restitution to his victims for devising to defraud in violation of the U.S. Code. Damon was president of Rothchild Leasing Services, Inc., in Chicago, where he sold promissory notes to investors promising an 11 percent rate of return. He provided fraudulent documents to investors with false representation about his company.

Devine case — Frank Devine pleaded guilty July 26 to one count of devising to defraud. He told investors that they would earn high rates of return with little risk and bilked 80 individuals out of \$4.8 million. Devine returned a portion of the money in an attempt to conceal the scheme. He will be sentenced in January.

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Ministers' Summit on Consumer Protection — Secretary of State Jesse White and Attorney General Lisa Madigan joined Malcolm X College President Zerrie Campbell (right) for the Ministers' Summit on Consumer Protection at the college on Sept. 20. The summit brought together Chicago area church leaders to discuss affinity fraud and services both offices provide to protect Illinois consumers against fraud. White and Madigan also presented their message the following day to Chicago's south side church leaders at the Fellowship Baptist Church.

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Regulatory Agencies

Q What is a “phantom regulator” in Securities?

A Phantom regulators are con artists trying to lure investors into risky penny stocks and advance-fee schemes by posing as legitimate regulators on the Internet.

Q What names do they go by?

A Some of the names include: Regulatory Compliance Commission; International Regulatory Commission; International Compliance Commission; International Shareholder Protection Division; Global Securities Information Center; and International Exchange Regulatory Commission. Each has a Web site with an address and phone number in the U.S. None of these entities has any relation to a real regulatory agency or organization.

Q Is there an organization that lists legitimate regulatory agencies in the U.S. and abroad?

A The International Organization of Securities Commissions Web site at www.iosco.org has a comprehensive listing of legitimate regulatory agencies. For regulators in North America, the North American Securities Administrators Association has a complete listing at www.nasaa.org along with links to Web sites for each jurisdiction.

Q Do legitimate regulators ever endorse or approve specific investments?

A No. If the Web site endorses or approves any investment opportunity, stock or company, it is a sure sign it is not legitimate. Legitimate regulators are not in the business of promoting any deal, only enforcing securities laws and ensuring fair dealing.

Q Will I ever have to pay a fee to “release restricted shares” with a legitimate regulator?

A No. Fees to release restricted shares are a common ploy and a direct attempt to steal your money.

Q What if I have found a regulator site but cannot find any more about them on a major search engine like Yahoo, Google or MSN search?

A Walk away. Chances are that the information on the site is erroneous or outright fraudulent.

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

Quick access to investment adviser information

Access to information is one of the simplest yet most often overlooked tools for investors. The Securities Department encourages you to be informed when making a decision about whom to select as your investment adviser. The Securities Department and the U.S. Securities and Exchange Commission provide free information about the background and status of investment advisory firms and their investment adviser representatives.

Illinois Securities Department

Obtain a copy of a CRD report about an investment adviser representative or firm. The report provides information on employment history, securities examinations passed, licensing or registration status in Illinois or other applicable states, and disciplinary history.

A CRD report may be obtained by calling 800-628-7937 or e-mailing lbednarko@ilsos.net. When requesting information about an individual, be sure to include his/her first and last names, the name of the investment adviser firm where he/she is employed, and the address where he/she conducts business.

U.S. Securities and Exchange Commission

The SEC maintains a Web site at www.adviserinfo.sec.gov called “Investment Adviser Public Disclosure” (IAPD), which provides an online look at Form ADV for investment advisers. Form ADV is the common application form submitted by all investment advisers, which discloses information on ownership, states of operation, the amount of assets under management, disciplinary and other information. This site does not provide information on individual investment adviser representatives.

**Illinois Securities
Department**

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

Enforcement Administrative Orders

Consent Order

Bear, Stearns & Co., Inc.
CRD #79
115 S. Jefferson Rd.
Whippany, NJ 07981

G.D. Castillo, M.D. Ltd.
Profit Sharing Plan
A Small Employer Pension Plan
C/O Marc Ansel
Law Office of Ansel and Small,
Ltd.
P.O. Box 468
Champaign, IL 61824-0468

Harris Remote Saver, Inc.
C/O Albert E. Harris
Harris Remote Saver, Inc.
2704 Campbell Dr.
Champaign, IL 61821

Polite and Company, Inc.
(2nd Consent Order)
CRD #18182
C/O Philip Lee Polite
CRD #824866
156 N. Main, Ste. 204
Edwardsville, IL 62025

Summary Order of Denial

R.J. Aubrey Investment Corp.
CRD #134690
321 Grandview Ave.
Glen Ellyn, IL 60137-5219

Mary Catherine Fitzgerald
CRD #1943079
6000 Rathbone Dr.
Parker, TX 75002

Genesis Partners, Inc.
CRD #132783
3101 Havenhill Ct.
Edgewater, MD 21037

David L. Jordon
CRD #262161
40 Cushman Rd.
Scarsdale, NY 10583

Abed W. Lulu
CRD #2625609
711 Court North
Melville, NY 11747

Cormac N. Maughan
CRD #1528683
21 Radtke Rd.
Randolph, NJ 07039

Frank Porporino Jr.
CRD #3185329
550 Bloomfield Ave., Apt. 31
Caldwell, NJ 07006

Stephen G. Roehrig
CRD #2826376
42 Red Leaf Dr.
Rochester, NY 14624

Corrected Summary Order of Denial

Genesis Partners, Inc.
CRD #132783
3101 Havenhill Ct.
Edgewater, MC 21037

Consent Order of Dismissal

Kim E. Elverud
CRD #2139216
8436 Virginia Circle
Bloomington, MN 55438

Genesis Partners, Inc.
CRD #132783
3101 Havenhill Ct.
Edgewater, MD 21037

WCM Investment Management
CRD #104702
23702 Birtcher Dr.
Lake Forest, CA 92630

Order of Dismissal

Phillip R. Zanone, Jr.
CRD #2135221
460 Williamsburg Ln.
Memphis, TN 38117

Stipulation to Enter Consent

Order of Dismissal
Genesis Partners, Inc.
CRD #132783
3101 Havenhill Ct.
Edgewater, MD 21037

WCM Investment Management
CRD #104702
23702 Birtcher Dr.
Lake Forest, CA 92630

Order of Prohibition

Estate Management Services, Inc.
A/K/A EMS
Daniel George Petrilli
60 Providence Ln.
Springfield, IL 62707

Ray W. Hager
CRD #2802640
16682 Spring Valley Rd.
Morrison, IL 61270, and
Better Investment Solutions
723 W. Rt. 30
Rock Falls, IL 61071

K & K Investors, Inc.
1337 Lakeview Dr.
Schererville, IN 46375, and
Keith Foster
1337 Lakeview Dr.
Schererville, IN 46375, and
Armeca Dockery
17620 Country Club Ln.
Country Club Hills, IL 60478, and
Richard Carter
5340 Imperial Dr.
Richton Park, IL 60471

Order of Prohibition and Fine

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

Settlement Agreement and Order to Dismiss

David J. Memmott
CRD #1214587
11 Park Ln.
New Canaan, CT 06840

Consent Order of Revocation

Robert M. Racuse
CRD #1601853
6 Newton Ct. West
Buffalo Grove, IL 60089

Laverne R. Thompson Jr.
CRD #2468678
616 Chicago Rd.
Paw Paw, IL 61353

Order of Revocation

John D. Buglisi
CRD #2977744
179 Lagoon Dr. East
Lido Beach, NY 11561

Diesel Energy International, LLC
B/D #104484
4144 North Central Expressway
Ste. 400 LB 31
Dallas, TX 75204

Michael R. Gerbac
CRD #2950327
213 W. Lake St.
Barrington, IL 60010

Brian A. Kerns
CRD #4339980
1601 W. School St.
Chicago, IL 60657

Stipulation to Entry of Consent

Order of Withdrawal
Rizwan Fazeel
CRD#: 4476016
4 Russell Dr., Apt. C 12
Mineola, NY 11501, and
C/O Gunnallen Financial, Inc.
5002 W. Waters
Tampa, FL 33634

Anthony J. Kirincic
CRD#: 1499511
23 Villanova Ln.
Dix Hills, NY 11743, and
C/O Kirlin Securities, Inc.
6901 Jericho Turnpike
Syosset, NY 11971

Consent Order of Withdrawal

Juan C. Alejos
CRD #4108723
60 S. Lawn Ave.
Elmsford, NY 10523

Robert A. Casino
CRD #2291855
22 Willow Rd.
Miller Place, NY 11764

Nicholas A. Denucci
CRD #1835469
2 N. Ridge Rd.
Denville, NJ 07834

Janina A. Dittmar a/k/a Janina A.
Casey
CRD #2040225
525 E. 72nd St., Apt. 27G
New York, NY 10021

Rizwan Fazeel
CRD #4476016
766 Carman Ave.
Westbury, NY 11590-6426

James E. Hardy
CRD #236950
826 Babler Park Dr.
Chesterfield, MO 63005

Anthony J. Kirincic
CRD #1499511
23 Villanova Ln.
Dix Hills, NY 11743

Ibrahim E. Kurtulus
CRD #2287372
425 Jefferson Ave.
Staten Island, NY 10306

Brian K. Martinsen
CRD #28115688
7 Colgate Dr.
Smith Town, NY 11787

Howard J. Mofshin
CRD #2416504
4283 N.W. 60th St.
Boca Raton, FL 33496

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

Martin S. Sands
CRD #1186904
35 Farewell Ln.
Greenwich, CT 06831

Consent Order of Censure
Janney Montgomery Scott LLC
B/D #463
1801 Market St.
Philadelphia, PA 19103-1675

David M. Vyrerib
CRD #2866188
180 Imperial Ave.
WestPoint, CT 06880

Consent Order of Fine

R.J. Aubrey Investment Corp.
CRD #134690
321 Grandview Ave.
Glen Ellyn, IL 60137-5219

Consent Order of Vacation and Withdrawal

John D. Buglisi
CRD #2977744
179 Lagoon Dr. East
Lido Beach, NY 11561

Order of Denial

Abed W. Lulu
CRD #2625609
711 Court North
Melville, NY 11747

New edition of Investment Guide now available

It's new, it's blue and it's coming to you. *The Investment Guide for Illinois Consumers*, produced by the Securities Department, has been updated and is available for distribution. The guide has 35 pages of timely information, ranging from tips on how to set financial goals to questions to ask brokers or investment advisers when discussing new investment vehicles. The booklet also includes an easy-to-understand glossary of financial and securities terms and phrases.

To obtain a copy of the guide, call the Securities Department at 800-628-7937, or visit www.cyberdriveillinois.com.

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Stapleton case — Bill Laron Stapleton pleaded guilty June 10 to one count of mail fraud. A retired U.S. Army sergeant, Stapleton was a registered stockbroker and licensed insurance agent who convinced individuals to invest in the Eagle Star Elite International Bond retirement fund on the Isle of Man. The funds were never invested, and he used the money for his own purposes. In return for dropping additional charges, Stapleton agreed to pay restitution to his victims in the amount of \$268,102 or more. He was sentenced Oct. 14.

Wireman case — In a plea agreement July 21, Steven A. Wireman pleaded guilty to one count of mail fraud. He enticed individuals to invest in Integrity Financial Group, which he said was selling limited liability companies and insurance to physicians when, in fact, it was not. He induced investors to invest and loan more than \$900,000 to IFG. As part of his plea agreement, Wireman must pay \$905,296 in restitution to his victims. Sentencing is set for February 2006.

Key Filing Dates for 2006

- **December 1, 2005** — Business Brokers & Loan Brokers: Renewal forms for calendar year 2006 due. (Renewal forms were mailed the first week of October.)
- **December 31, 2005** — Broker/Dealers: Designated Principal Filing Statement due. Registered Investment Advisers: Designated Principal Filing Statement and Report of Branch Offices due. (Renewal forms were mailed the third week of October.)

All forms are due to the Securities Department.