

**STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT**

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**IN THE MATTER OF: DANIEL J. RUSSELL** )  
\_\_\_\_\_ )

**FILE NO. 1000448**

**TO RESPONDENT: Daniel J. Russell  
1519 Bates Court  
Schaumburg, Illinois 60193**

**ORDER OF PROHIBITION AND FINE**

**WHEREAS**, On October 25, 2012, James L. Kopecky, Hearing Officer for the Illinois Secretary of State, Department of Securities ("Department"), held a hearing 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, (the "Code") to determine whether an Order should be entered pursuant to Section 11.E of the Act prohibiting Respondent from selling or offering for sale securities 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.

**WHEREAS**, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State.

**WHEREAS**, the proposed Findings of Fact, Conclusions of Law and Recommendations of the Hearing Officer, James Kopecky, Esq., in the above-captioned matter have been read and examined.

**I. Notice of Hearing**

On August 31, 2012, the Department issued a Notice of Hearing in this matter. The Department served the Notice of Hearing on Respondent by certified mail/return-receipt requested. The Notice of Hearing scheduled a hearing to take place on October 25, 2012, at the office of the Department at 69 W. Washington, Suite 1220, in Chicago, Illinois.

**II. The Hearing**

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The Hearing Officer opened the record at approximately 10:10 a.m. on October 25, 2012. The Department retained a court reporter to record the hearing. Accordingly, a complete and accurate transcript of the hearing is available, and this Report is intended only to be a summary. To the extent that a statement in the transcript appears inconsistent with the summary, the transcript controls. This summary contains testimony and interpretations of that testimony. The Department retained the original transcript and exhibits.

Enforcement Attorney Jim Tierney appeared at the hearing on behalf of the Department. No one was present on behalf of Respondent. Nor was the Respondent present.

Department Attorney Tierney began by introducing the Department's exhibits 1 through 4. Exhibit 1 was the Notice of Hearing. Exhibit 2 consisted of an affidavit of mailing signed by Odette Barnes that she served the Notice of Hearing via certified mail along with a green card signed by Russell on September 7, 2012 evidencing his receipt of the Notice of Hearing. Exhibit 3 consisted of the Secretary of State's certification that the records of the Illinois Department of Securities do not disclose a registration for Russell as a sales person or dealer in the State of Illinois. Finally, Exhibit 4 consisted of the Secretary of State's certification that the records of the Illinois Securities Department do not disclose a registration or a notice filing for LocalAdLink.

The Hearing Officer reviewed and considered exhibits 1 through 4 and found them to be of the type that he could take notice. The Hearing Officer admitted exhibits 1 through 4 into evidence.

The Department then brought a motion pursuant to Section 1104 of the Code requesting that the Hearing Officer recommend that the allegations contained in the Notice of Hearing be deemed admitted and that the Hearing Officer recommend that the Respondent be held in default for failing to file a timely answer, special appearance or other responsive pleading. At the same time, the Department also made a motion pursuant to Section 1109 of the Code requesting that the Hearing Officer recommend a finding of default and entry of an appropriate order based on Respondents' failure to appear at the time and place scheduled for the hearing. The Hearing Officer granted the Department's motions under Sections 1104 and 1109 of the Code.

The Department then sought to prove up the allegations in the Notice of Hearing. The Department called Robert Grogan as its witness. Mr. Grogan testified he has worked as an investigator for the Department of Securities since 2007. He was the investigator assigned to the matter of Daniel J. Russell. As part of his investigation, Mr. Grogan testified, he interviewed Robert Boore of Glenview, Illinois by telephone. Mr. Boore told Mr. Grogan that Respondent Russell approached him with an opportunity called LocalAdLink. On March 24, 2009, Mr. Boore gave Russell a check for \$5,000 to invest with Russell and LocalAdLink. About two weeks later, Mr. Grogan testified, Russell gave Mr. Boore a receipt for the \$5,000. According to Mr. Grogan, Mr. Boore then asked Russell for an explanation of his investment and for financial documents. Russell never provided Mr. Boore with an explanation or documents. Russell never made any payments to Mr. Boore. Mr. Boore has lost contact with Russell. Finally, Mr. Grogan presented the Department's Exhibit 5 as the receipt for Mr. Boore's payment.

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The Department excused Mr. Grogan and moved Exhibit 5 into evidence. The Hearing Office admitted Exhibit 5 and the Department rested.

The Department closed by arguing that Russell should be prohibited permanently from offering or selling securities in the State of Illinois, and asking the Hearing Officer to recommend a fine in an amount in the Hearing Officer's discretion.

**WHEREAS**, the following proposed Findings of Fact are correct, they are hereby adopted as the Findings of Fact of the Secretary of State:

1. The Department served Respondent with a Notice of Hearing on or about September 7, 2012.
2. The Respondent failed to answer, appear, or submit a responsive pleading.
3. The Respondent did not appear at the Hearing.
4. That the Respondent, Daniel J. Russell, is an Illinois resident. His last known address is 1519 Bates Court, Schaumburg, Illinois 60193.
5. Respondent was last registered to sell securities in Illinois in August 2003. His CRD number is 1990504.
6. That Investor A is a senior citizen and an Illinois resident.
7. That in March of 2009 the Respondent sold interests in LocalAdLink to Investor A.
8. That Investor had an expectation of realizing a profit from the above referenced investment.
9. That Investor A never received any documentation of ownership of his investment in LocalAdLink except what was purported to be an account statement dated January 30, 2010 from the Respondent
10. That Respondent failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and that as a result the security was not registered pursuant to Section 5 of the Act prior to its offer in the State of Illinois.
11. That Respondent failed to file with the Secretary of State an application for registration as a salesperson described above as required by the Act and that as a result the Respondent was not registered pursuant to Section 8 of the Act prior to its offer in the State of Illinois.

**WHEREAS**, the following proposed Conclusions of Law are correct, they are hereby adopted as

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Conclusions of Law of the Secretary of State:

1. The Department properly served the Notice of Hearing on Respondent and provided more than 45 days of the hearing date.
2. The Notice of Hearing included the information required under Section 1102 of the Code.
3. The Secretary of State has jurisdiction over the subject matter pursuant to the Act.
4. Because of Respondent's failure to file a timely answer, special appearance or other responsive pleading in accordance with Section 13.1104:
  - (a) the allegations contained in the Notice of Hearing are deemed admitted;
  - (b) Respondent waived his right to a hearing;
  - (c) Respondent is subject to an Order of Default.
5. Because the Respondent failed to appear at the time and place set for hearing, in accordance with Section 130.1109, he:
  - (a) waived his right to present evidence, argue, object or cross examine witnesses;  
or
  - (b) otherwise participate at the hearing.
6. That the interests described are securities as the term is included in Section 2.1 of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").
7. That the activities described above constitutes the offer and sale of a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Act.
8. That Section 5 of the Act provides, inter alia, that all securities except those exempt under Section 3 or those offered or sold in transactions exempt under Section 4 shall be registered either by coordination or by qualification prior to their offer or sale in the State of Illinois.
9. That Respondent failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and that as a result the security was not registered pursuant to Section 5 of the Act prior to its offer in the State of Illinois.
10. That Section 8 of the Act provides, inter alia, that except as otherwise provided in this subsection A, every dealer, limited Canadian dealer, salesperson, investment

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adviser, and investment adviser representative shall be registered as such with the Secretary of State.

- 11 That Respondent failed to file with the Secretary of State an application for registration as a salesperson described above as required by the Act and that as a result the Respondent was not registered pursuant to Section 8 of the Act prior to its offer in the State of Illinois.
12. That Section 12.A of the Act provides, inter alia, that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act.
- 13 That Section 12.C of the Act provides, inter alia, that it shall be a violation to act as a dealer, salesperson, investment advisor, or investment advisor representative, unless registered as such, where such registration is required, under the provisions of this Act.
14. That Section 12.D of the Act provides, inter alia, that it shall be a violation for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.
- 15 That by virtue of the foregoing Findings of Fact and Conclusions of Law, Respondent has violated Section 12.A, 12.C and 12.D of the Act.

**WHEREAS** The Hearing Officer recommended, and the Secretary of State accepts the recommendations, that:

1. An Order of Default be entered against Respondent Daniel J. Russell.
2. An order be entered permanently prohibiting Respondent Daniel J. Russell, his partners, officers and directors, agents, employees, members, affiliates, successors and assigns from selling or offering for sale securities in the State of Illinois;
3. Respondent Daniel J. Russell be fined \$5,000.

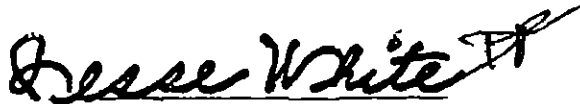
**NOW THEREFORE IT IS HEREBY ORDERED THAT:**

1. An Order of Default is entered against Respondent Daniel J. Russell.
- 2 Respondent Daniel J. Russell, his partners, officers and directors, agents, employees, members, affiliates, successors and assigns are Prohibited from selling or offering for sale securities in the State of Illinois;
3. Respondent Daniel J. Russell is fined \$5,000 (Five Thousand Dollars) to be paid to the Illinois Secretary of State, Securities Department within 30 (thirty) days of the entry of this Order.

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ENTERED this 17<sup>th</sup> day of December 2012.



JESSE WHITE  
Secretary of State  
State of Illinois

James J. Tierney  
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Securities Department  
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**NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Act. Any person or entity that fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony for each offense.**

***This is a final order subject to administrative review pursuant to the Administrative Review Law [735 ILCS 5/3-101 et seq.] and the Rules and Regulations of the Act (14 Ill. Admin. Code, Ch. 1 Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.***