

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: PRIMEVEST FINANCIAL SERVICES, Inc.)
ITS OFFICERS, DIRECTORS,)
EMPLOYEES, AFFILIATES,) File No. 0900257
SUCCESSORS, AGENTS AND ASSIGNS)

CONSENT ORDER

TO THE RESPONDENT: PrimeVest Financial Services, Inc. (CRD #15340)
C/O James Arpaia, Esq.
Vedder Price P.C.
222 North LaSalle Street
Chicago, Illinois 60601

WHEREAS, PrimeVest Financial Services, Inc. (the "Respondent") on April 19, 2010, executed a certain Stipulation To Enter Consent Order (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, the Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing in this matter and the Respondent has consented to the entry of this Consent Order.

WHEREAS, the Secretary of State, by and through his designated representative, the Securities Director, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceeding.

WHEREAS, the Respondent has acknowledged, while neither admitting or denying the truth thereof, that the allegations contained in paragraph seven (7) of the Stipulation shall be adopted as the Secretary of State's Findings of Fact as follows:

1. That the Respondent PrimeVest Financial Services, Inc. (hereinafter, "PrimeVest") is a registered broker/dealer with its main office located at 400 First Street, Suite 300, P.O. Box 283, St. Cloud, Minnesota 56302;
2. That from October 1, 2007, until January 13, 2010, pursuant to its bank networking agreement with Independent Bankers Bank ("IBB"), the Respondent had an office of supervisory jurisdiction ("OSJ") located at 3161 West White Oaks Drive, Springfield, Illinois 62704;
3. That from October 1, 2007, until January 13, 2010, Kristen Mattson Brandon, CRD # 2014190, an IBB employee, was registered with Respondent as a general securities principal for the OSJ, as well as 35 other branch locations at which Respondent conducted a securities business;

Consent Order

2

4. That Ms. Mattson Brandon was provided designated supervisor training by the Respondent PrimeVest in September, 2007, and subsequently in May, 2009;
5. That on or about February 2, 2009, through February 6, 2009, an audit of Respondent was performed by Susan LaRussa ("LaRussa"), Herb Clausen ("Clausen") and Ray Dewitt ("Dewitt"), who were employees of the Illinois Secretary of State, Securities Department ("Department");
6. That as a result of the aforementioned audit, the Department found multiple deficiencies, including, but not limited to, the following:
 - a. The other business names, or DBA's, of four (4) of 36 branch offices supervised by Ms. Mattson Brandon were not reported to the CRD as required by FINRA;
 - b. Some monthly transmittal forms were not completed on a monthly basis as required by supervisory procedures and several forms had missing or incorrect information;
 - c. Some check received blotters were filled out incorrectly and did not contain required information;
 - d. A securities received and delivered blotter was not maintained at the OSJ;
 - e. A complete registration file for all registered representatives was not maintained at the OSJ;
 - f. Business cards of one (1) PrimeVest registered representative were not maintained. Business cards for four (4) registered representatives contained incorrect branch office address information and cards for two (2) registered representatives were not submitted by those representatives for prior approval by PrimeVest;
 - g. Correspondence, e-mails, and e-mail addresses were used by certain PrimeVest registered representatives which were not approved by PrimeVest;
 - h. A complete Advertising file was not maintained at the OSJ as required by PrimeVest's Designated Supervisory Manual;
 - i. A complete Complaint file was not maintained at the OSJ;
7. That on March 20, 2008, eleven months prior to the Department's aforesaid audit, PrimeVest conducted an internal audit of the aforesaid OSJ, and that, with the exception of the aforesaid registration file deficiency, said audit did not note any of the aforesaid deficiencies found by the Department;

Consent Order

3

8. That the Department's aforesaid February 6, 2009, audit also found that the OSJ's internal audit file was incomplete and was missing multiple responses from audits conducted subsequent to the aforesaid March 20, 2008, Prime Vest internal audit;
9. That Section 8.E.1(e) of the Act states, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of a dealer may be suspended or revoked if the Secretary of State finds that the dealer has failed reasonably to supervise the implementation of compliance measures or failed to maintain and enforce written procedures to supervise the types of business in which it engages and to supervise the activities of its salespersons that are reasonably designed to achieve compliance with applicable securities laws and regulations;
10. That PrimeVest failed to reasonably supervise the implementation of compliance measures and to maintain and enforce its written procedures as evidenced by the aforesaid deficiencies;
11. That Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act, as well as the costs of investigation and reasonable expenses;
12. That by virtue of the foregoing, the Respondent PrimeVest is subject to the entry of an Order which revokes its dealer's registration in the State of Illinois pursuant to the authority provided under Section 8.E.(1)(e) of the Act as well as a fine in the amount of \$10,000.00 per violation.

WHEREAS, the Respondents have acknowledged and agree to comply with the terms and requirements contained in paragraph eight (8) of the Stipulation in regards to all Illinois branch offices as follows:

13. PrimeVest shall provide to the Department copies of all internal audits and all responses received from Illinois registered representatives for all internal audits for a period of one year following the entry of this consent order;
14. PrimeVest shall, on a quarterly basis for a period of one year from the entry of the Consent Order, provide to the Department copies of any complaints that PrimeVest has knowledge of regarding any Illinois registered representative(s) who have a place of business in Illinois, during that time period, as well as corresponding responses from PrimeVest;
15. PrimeVest shall provide to the Department, within 60 days of the entry of this Order, a written statement as to the following in regards to all Illinois branch offices:
 - a. that all Illinois registered representatives have business cards, stationery and fax sheets that only disclose PrimeVest-approved e-mail addresses;

Consent Order

4

- b. that Nancy Schmidt and Joseph Quillen have changed their business card to indicate their titles as "Insurance Representative" rather than "Investment Representative";
 - c. that PrimeVest will only approve business cards, stationery, and fax sheets for Illinois registered representatives with approved PrimeVest titles for securities registration as well as all Illinois licensed insurance representatives with approved PrimeVest titles for insurance license;
 - d. that PrimeVest will comply with SEC Rule 17f-2 regarding the fingerprinting of its directors, officers and employees;
 - e. that all personnel files have been completed for each Illinois registered representative;
 - f. that additional training has been provided to each Illinois registered representative in regards to maintaining complete books and records;
16. That all aforesaid statements and documents resulting from the aforesaid undertakings are to be sent to the Illinois Securities Department, Audit Division, 300 West Jefferson, Suite 300A, Springfield, Illinois 62702;

WHEREAS, the Respondents acknowledge and agree that within 30 days of the entry of this Consent Order, Respondents shall pay an administrative fine in the amount of \$50,000 to the Illinois Secretary of State, and that such payment will be made by money order or cashier's check payable to the Illinois Secretary of State;

WHEREAS, this Consent Order concludes the investigation by the Illinois Securities Department and any other action that the Illinois Securities Department could commence under the Illinois Securities Law of 1953 (815 ILCS 5/1, *et seq.*) as it relates to the activities of PrimeVest Financial Services, Inc. as described in the Notice of Hearing. However, this provision shall not apply to any claims by the Illinois Securities Department arising from or relating to enforcement of this Consent Order.

NOW THEREFORE IT IS HEREBY ORDERED THAT:

- 1. The Respondents shall comply with the terms and requirements contained in paragraph eight (8) of the Stipulation previously described above;
- 2. Within 30 days of the entry of this Consent Order, Respondents shall pay an administrative fine in the amount of \$50,000 to the Illinois Secretary of State, and that such payment will be made by money order or cashier's check payable to the Illinois Secretary of State;
- 3. The formal hearing scheduled on this matter is hereby dismissed without further proceeding.

Consent Order

5

ENTERED: This 22nd day of April, 2010.



JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12(D) of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"). Any person or entity who 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.

Attorney for the Secretary of State
Johan Schripsema
Illinois Securities Department
350 Seright, Suite C
Harrisburg, Illinois 62946
Telephone: (618) 253 2007

Hearing Officer:
Jon K. Ellis
Attorney at Law
1035 South 2nd Street
Springfield, Illinois 62704