

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

IN THE MATTER OF : **WILLIAM H. WEISBROD**

FILE NO. 0900216

**CONSENT ORDER OF DISMISSAL**

TO THE RESPONDENT: William H. Weisbrod  
(CRD#: 812664 )  
46 Foremost Mountain  
Road Mountville, New Jersey 07045

William H. Weisbrod  
(CRD#: 812664 )

C/o David M. Purcell General Counsel  
Purshe Kaplan Sterling Investments, Inc.  
18 Corporate Woods Boulevard  
Albany, New York 12211

WHEREAS, Respondent on the 10<sup>th</sup> day of September 2009 executed a certain Stipulation to Enter Consent Order of Dismissal (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated July 10, 2009, in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Dismissal "Consent Order").

WHEREAS, by means of the Stipulation, the Respondent acknowledged, without admitting or denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:.

1. That on April 17, 2009, Purshe Kaplan Sterling Investments, Inc., a registered dealer, filed a Form U-4 application for registration of the Respondent as a salesperson in the State of Illinois pursuant to Section 8 of the Act.

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2. That on January 14, 2009 FINRA entered a Letter Of Acceptance, Waiver And Consent (AWC) submitted by the Respondent regarding File No. 20050003485101 Which sanctioned the Respondent as follows:
  - a. two-month suspension from association with any FINRA member in any capacity; and
  - b. fined \$33,500, of which \$23,500 represents disgorgement of commissions earned by the Respondent on the unsuitable transactions entered in PW's accounts.
3. That the AWC found:

### **OVERVIEW**

The Respondent recommended unsuitable transactions in customer PW's accounts involving the purchase of approximately \$2 million of Class B mutual fund shares in 12 similar mutual funds. Further, the Respondent entered this level of Class B mutual fund transactions, which was not permitted by his employer member firm, in a manner designed to evade firm policy and circumvent its supervisory controls. This conduct violated NASD Conduct Rules 2310 and 2110, IM-2310-2 and IM-2830-1.

### **FACTS AND VIOLATIVE CONDUCT**

In 2002, Customer PW was a young homemaker, caring for two small children, and had virtually no investment experience. Her husband died in the World Trade Center on September 11, 2001, and, about one week later, she gave birth to a special needs child. PW sought advice from the Respondent on how to invest \$2 million in insurance proceeds and other money she had received after her husband's death. PW's main concern was that the \$2 million provide for her family indefinitely. She had no other source of income, as her husband had been the family's sole breadwinner, and needed to ensure that there was enough money for the family's living and medical expenses. PW completely relied upon the Respondent to invest her money in a manner consistent with her needs and objectives.

From February 2002 through July 2002, the Respondent recommended and effected approximately \$2 million in purchases of Class B mutual fund shares in PW's accounts without having reasonable grounds for believing that the transactions were suitable, given the total dollar amount of Class B shares purchased and PW's financial situation and needs. Indeed, the prospectuses for some of the subject mutual funds provided that Class B share purchases in excess of \$250,000 were not appropriate due to the higher expenses of such shares. PW could have purchased Class A shares in the same and/or another comparable fund with no sales charge by applying breakpoints, using letters of intent and/or using rights of accumulation. Instead, the Respondent invested PW's money in Class B shares of 12 similar mutual funds within 9 different fund families. By investing solely in the Class B shares, PW was exposed to unnecessary fees, paying nearly twice as much in annual expenses, while the Respondent significantly increased his commissions)

Between March 9, 2007 and May 11, 2007, Citigroup provided \$89,870 in restitution to PW based on the Respondent's unsuitable investment recommendations.

At the time the respondent effected those transactions in customer PW's accounts, Citigroup (Respondent's then current employer) required pre-approval of Class B share purchases in excess of \$100,000. To circumvent this pre-approval policy and the firm's supervisory controls, the Respondent entered almost all of the trades in PW's accounts in amounts of 590,000 or less.

Based on the foregoing, the Respondent violated NASD Conduct Rules 2310 and 2110, /M-2310-2 and IM-2830-1.

4. That Section 8.E(1)(j) of the Act provides, inter alia, that the registration of a salesperson may be denied if the Secretary of State finds that such Salesperson has been suspended by any self-regulatory organization Registered under the Federal 1934 Act or the Federal 1974 Act arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory organization.
5. That FINRA is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusion of Law:

The Respondent's registration as a salesperson in the State of Illinois is subject to denial pursuant to Section 8.E(1)(j) of the Act.

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WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he shall be levied costs incurred during the investigation of this matter in the amount of One Thousand dollars (\$1,000.00). Said amount is to be paid by certified or cashier's check, made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he has submitted with the Stipulation a certified or cashier's check in the amount of One Thousand dollars (\$1,000.00) to cover costs incurred during the investigation of this matter. Said check has been made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

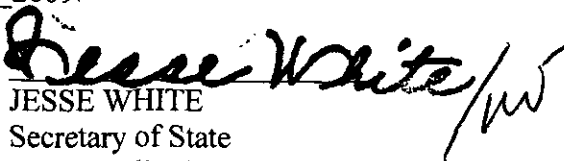
WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he has executed a certain Affidavit which contains undertakings that he will adhere to upon entry of this Consent Order. Said Affidavit is incorporated herein and made a part hereof.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. The notice of Hearing dated July 10, 2009 is dismissed.
2. The Respondent is levied costs of investigation in this matter in the amount of One Thousand dollars (\$1,000.00), payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund, and on 2009 has submitted One Thousand dollars (\$1,000.00) in payment thereof.
3. The Respondent shall comply with all of the terms and conditions contained in him accompanying Affidavit which has been made a part of this Order.
4. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED This 18<sup>th</sup> day of September 2009.

  
JESSE WHITE  
Secretary of State  
State of Illinois