

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: NEIL ROLLA HARRISON

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) No. 0700156  
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NOTICE OF HEARING

TO THE RESPONDENT: Neil Rolla Harrison (CRD #2254526)  
201 A Michigan Ave.  
Alton, Illinois 62002

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5/1], et seq. (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 300 West Jefferson Street, Suite 300A, Springfield, Illinois 62702 on the 20<sup>th</sup> day of May, 2009, at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before Jon K. Ellis or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order should be entered which revokes the salesperson registration of Neil Rolla Harrison (the "Respondent") in the State of Illinois and/or granting such other relief as may be authorized under the Act including but not limited to imposition of a monetary fine in the maximum amount of \$10,000 pursuant to Section 11.E.4 of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

1. That at all times relevant, the Respondent Neil Rolla Harrison, an Illinois resident, was registered as an Illinois registered salesperson through A.G. Edwards and Stifel Nicholas pursuant to Section 8 of the Illinois Securities Law 815 ILCS 5/1 et seq. (the "Act"); Respondent's salesperson was terminated in Illinois on October 27, 2008;
2. That on or about August 31, 2005, Respondent Neil Rolla Harrison offered and solicited a personal loan from GR and SR, Illinois residents, in the sum of \$14,000 during the time that GR and SR were clients and customers of Respondent acting as their securities salesperson;
3. That on or about November 12, 2006, Respondent Neil Rolla Harrison solicited and obtained a personal loan from CD, approximately 87 years old, in the sum of \$38,000 during the

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- time that CD was a client and customer of Respondent acting as CD's securities salesperson;
4. That as of this date, Respondent has not repaid said loan to CD;
  5. That on or about May and June, 2003, Respondent Neil Rolla Harrison solicited and obtained a personal loan from PS, an Illinois resident, in the amount of approximately \$9,000, during the time that PS was a client and customer of Respondent acting as PS's securities salesperson;
  6. That on or about February, 2006, Respondent Neil Rolla Harrison solicited and obtained an additional personal loan in the amount of approximately \$7,000, during the time that PS was a client and customer of Respondent acting as PS's securities salesperson;
  7. That in October, 2005, Respondent was dismissed from his employment with A.G. Edwards when they became aware that Respondent was soliciting and obtaining personal loans from clients;
  8. That during the time that Respondent was subsequently employed by Stifel Nicolaus, Respondent continued to solicit and obtain personal loans from his clients and was thereafter dismissed from his employment in October, 2008, when they became aware that Respondent was soliciting and obtaining personal loans from clients;
  9. That on or about May 29, 2007, Respondent Neil Rolla Harrison offered and sold to his client, CB, an Illinois resident, an investment plan in which Respondent represented that he would invest CB's money in commodities, for a total investment of \$24,000;
  10. That at the time Respondent Neil Rolla Harrison offered and sold the aforesaid investment plan to CB, Respondent never intended to invest said money in commodities or any other type of investment;
  11. That rather than investing CB's funds in commodities as represented, Respondent Neil Rolla Harrison, on or about May 30, 2007, deposited CB's funds in his own personal bank account and thereafter used CB's funds for personal use, including, but not limited to, gambling activities;

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12. That CB has never received any return on said investment plan;
13. That on or about June 18, 2007, and July 9, 2007, Respondent Neil Rolla Harrison offered and sold to his client RM, an Illinois resident, an investment plan in a purported "diversified participation" investment account, for a total investment of \$44,800;
14. That at the time Respondent Neil Rolla Harrison offered and sold the aforesaid investment plan to RM, Respondent never intended to invest said money in an investment account or any other type of investment;
15. That rather than investing RM's funds in the aforesaid investment account as represented, Respondent Neil Rolla Harrison, on or about June 19, 2007, deposited RM's funds in his own personal bank account and thereafter used RM's funds for personal use, including, but not limited to, gambling activities;
16. That RM has never received any return on said investment plan;
17. That on or about December 26, 2007, and March 17, 2008, Respondent Neil Rolla Harrison offered and sold to his client RB, an Illinois resident, an investment plan where Respondent represented that RB's funds would be invested in gold and a "gold investment certificate", for a total investment amount of \$7,040;
18. That at the time Respondent Neil Rolla Harrison offered and sold the aforesaid investment plan to RB, Respondent never intended to invest said money in gold, gold investment certificates or any other type of investment;
19. That on or about December 26, 2007, and March 17, 2008, Respondent deposited RB's funds into his own personal bank account;
20. That on or about October 28, 2008, Respondent advised RB that the aforesaid funds which Respondent took from RB to purportedly invest in gold and/or gold investment certificates were all part of a fraud by Respondent, that Respondent did not invest RB's money as represented, but had instead used said funds for gambling activities;

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21. That RB, while receiving a repayment of a portion of the aforesaid funds, was never repaid the total amount of his investment nor did he receive any other return on said investment;
22. That on or about April 7, 2008, Respondent offered and sold his client ED, approximately 82 years old and an Illinois resident, an investment plan in which Respondent represented that ED's purported investment returns would be based on an "investment index", for a total investment of \$9,724;
23. That at the time Respondent Neil Rolla Harrison offered and sold the aforesaid investment plan to ED, Respondent never intended to invest said money in an "investment index" account or any other type of investment, but rather used said funds for personal use, including, but not limited to, gambling activities;
24. That ED never received any return of any kind for said investment;
25. That each of the above investment plans is an investment contract and therefore a security as that term is defined pursuant to Section 2.1. of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act");
26. That Section 5 of the Act provides, inter alia, that all securities except those exempt under Section 3 of the Act or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois;
27. That Section 12.A of the Act provides, inter alia, that it shall be a violation of the Act for any person to offer or sell securities except in accordance with the provisions of the Act;
28. That Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any document or application required to be filed under the provision of the Act;
29. That Section 12.G of the Act provides, inter alia, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to

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state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading;

30. That Section 8.E.1(b) of the Act states, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of a salesperson or investment adviser representative may be suspended or revoked if the Secretary of State finds that the salesperson or investor adviser representative has engaged in any unethical practice in the offer or sale of securities;
31. That Section 8.E.1(g) of the Act states, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of a salesperson or investment adviser representative may be suspended or revoked if the Secretary of State finds that the salesperson or investor adviser representative has violated any of the provisions of this Act;
32. That NASD Rule 2370 provides, inter alia, that no person associated with a member in any registered capacity may borrow money from or lend money to any customer of such person unless the member has written procedures allowing the borrowing and lending of money between such registered persons and customers of the member and the lending or borrowing arrangements fall within certain conditions so stated within the aforesaid Rule;
33. That the aforesaid loan agreements between Respondent and his clients did not fall within the conditions outlined in NASD Rule 2370;
34. That at all times relevant hereto, Respondent Neil Rolla Harrison engaged in an unethical practice in the offer or sale of securities in that the Respondent solicited and obtained private loans from multiple clients while a registered securities salesperson despite the fact that such loan was prohibited by the rules of the NASD and the policies of his employers;
35. That at all times relevant hereto, Respondent Neil Rolla Harrison obtained money or property through the offer or sale of securities by means of any untrue statement of a material fact or any omission to state a material fact in that Respondent represented to his aforesaid clients that he would invest their funds in securities, when in fact,

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Respondent never intended to invest said funds into any type of investment, but rather used said funds for personal use, including, but not limited to, gambling activities;

36. That at all times relevant hereto, Respondent Neil Rolla Harrison failed to file an application for registration of the above-referenced securities with the Secretary of State prior to their offer or sale in the State of Illinois;
37. That by virtue of the foregoing, Respondent Neil Rolla Harrison has violated Sections 12.A, 12.D and 12.G of the Act;
38. That Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsection G of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State;
39. That Section 11.E.(3) of the Act provides, inter alia, that if the Secretary of State shall find that any person is engaging or has engaged in the business of selling or offering for sale securities as a dealer or salesperson without prior thereto and at the time thereof having complied with the registration or notice filing requirements of this Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State;
40. 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;
41. By virtue of the foregoing, Respondent Neil Rolla Harrison is subject to a fine of up to \$10,000.00 per violation, costs of investigation, reasonable expenses, an order of censure, an order which permanently prohibits the Respondent from offering or selling securities in the State of Illinois as well as an order which suspends or revokes his salesperson registration in the State of Illinois;

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined

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above or a Special Appearance pursuant to Section 130.1107 of the Rules, or other responsive pleading within thirty days of the receipt of this notice. Your failure to do so within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default.

Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated this *20<sup>th</sup>* day of *March*, 2009.

   
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Jesse White  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:  
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Hearing Officer:  
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