

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

\_\_\_\_\_  
IN THE MATTER OF: )  
CHAD ERIC STEINER )  
CRD # 2851472 )  
\_\_\_\_\_ )

FILE NO. 0500327

**TEMPORARY ORDER OF PROHIBITION AND**  
**TEMPORARY ORDER SUSPENDING THE**  
**REGISTRATION OF RESPONDENT**

**TO THE RESPONDENT: CHAD ERIC STEINER**  
**REGISTER NUMBER 13759-026**  
**YANKTON FEDERAL PRISON CAMP**  
**1100 DOUGLAS AVE.**  
**YANKTON, SD 57078**

**NATURE OF THE CASE**

Respondent Chad Eric Steiner used his position as an investment advisor representative at a prestigious brokerage firm to defraud clients out of at least \$274,000.00 so that Steiner could purchase luxuries. With a callous disregard of his victims' well being, Steiner made repeated misrepresentations to induce them into providing him with their hard-earned money.

The grounds for such proposed action are as follows:

1. At all relevant times, Steiner was registered with the Secretary of State as a Salesperson and Investment Advisor Representative in the State of Illinois pursuant to Section 8 of the Act.
2. From August 7, 2001, through July 8, 2005, Steiner was employed by Morgan Stanley DW Inc. ("MSDW") as a Salesperson and Investment Advisor Representative, working out of the MSDW branch office located at 755 North Knoxville Ave.
3. Starting in about 2003 and continuing to July 2005, Steiner began soliciting personal loans from clients.

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4. Steiner told his victims that they would be repaid from the alleged family inheritance.
5. In reality, there was no family inheritance, instead, Steiner was using his victims' money to finance his lavish lifestyle.
6. In 2003, Steiner borrowed one hundred and fifty thousand dollars (\$150,000.00) from a client ("Client 1").
7. Steiner induced Client 1 to obtain the money by borrowing against Client 1's MSDW brokerage account.
8. Steiner later misrepresented to Client 1 that Steiner had repaid the loans taken out against Client 1's brokerage account.
9. In early 2005 Steiner solicited a second client ("Client 2") for a loan to, as Steiner explained, hire an attorney to settle a family trust dispute.
10. Steiner arranged for Client 2 to obtain a home equity line of credit through MSDW.
11. Steiner misrepresented to Client 2 that Steiner would repay Client 2 with the proceeds from the purported trust.
12. There was no trust, and the money Steiner took from Client 2 was not used for legal fees, but rather, so Steiner could finance his lavish lifestyle.
13. When Client 2 began complaining about his need to be repaid, Steiner gave Client 2 a check for ninety nine thousand, seven hundred dollars (\$99,700.00).
14. That check was counterfeit; the routing and account numbers were fabricated by Steiner.
15. In the Spring of 2005 Steiner solicited a third client ("Client 3") for a loan of one hundred thousand dollars (\$100,000.00).
16. Again, Steiner misrepresented the facts; telling Client 3 that repayment of the loan would come from the purported family inheritance.
17. To obtain the money Steiner arranged for Client 3 to borrow against Client 3's pension account held at MSDW.
18. In reality, Steiner used Client 3's money to pay Client 2 so that Steiner's scheme and artifices to defraud clients would not be uncovered by Client 2's complaints.

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19. Steiner, soon after obtaining Client 3's money, told Client 3 that an additional twenty four thousand dollars (\$24,000.00) was needed so Steiner could pay off his car loan.
20. Steiner, to further induce Client 3 into providing more money, misrepresented to Client 3 that paying off the Steiner's car loan would allow Steiner to receive his portion of the family inheritance, and would allow Steiner to pay Client 3 back.
21. In June of 2005 Steiner gave Client 3 a check for one hundred, fifty seven thousand dollars (\$157,000.00).
22. That check was counterfeit, the routing and account numbers were fabricated by Steiner.
23. Steiner's use of his victims' money was so he could live a lavish lifestyle, including the purchase of a 2005 BMW automobile, as well as a 2004 Hummer H2.

### SECURITIES FRAUD

24. Section 12.F of the Act states that it shall be a violation of the Act for any person to engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
25. Section 12.I of the Act states that it shall be a violation of the Act for any person to employ any device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly.
26. By virtue of the activities described above, in particular, Steiner's obtaining money from Clients 1, 2 and 3 under false pretenses by having them borrow against their brokerage and pension accounts held at MSDW, Steiner has violated Sections 12.F and I of the Act.

### PROHIBITION

27. Section 11.E (2) of the Act states in pertinent part that if there is a finding that a person has violated subsection F or I of Section 12 of the Act, the Secretary of State may temporarily prohibit the person from offering or selling any securities in this State.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondent Chad Eric Steiner is **PROHIBITED** from offering or selling securities in or from this State.

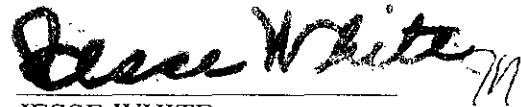
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NOTICE is hereby given that Respondent may request a hearing on this matter by transmitting such request in writing to the Director, Illinois Securities Department, 69 W. Washington Street, Suite 1220, Chicago, Illinois 60602. Such request must be made within thirty (30) calendar days of the date of entry the Temporary Order of Prohibition. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonably practicable. A request for hearing will not stop the effectiveness of this Temporary Order and will extend the effectiveness of this Temporary Order for sixty days from the date the hearing request is received by the Department.

FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS AFTER ENTRY OF THIS TEMPORARY ORDER OF PROHIBITION SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE SUFFICIENT BASIS TO MAKE THIS TEMPORARY ORDER OF PROHIBITION FINAL.

Dated: This 8<sup>th</sup> day of November, 2007.



JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:  
Jason Chronopoulos  
Office of the Secretary of State  
Illinois Securities Department  
69 W. Washington Street, Suite 1220  
Chicago, Illinois 60602  
Telephone: (312) 793-3388