

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

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

FILE NO. 0500327

ORDER OF PROHIBITION

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

WHEREAS, a Temporary Order of Prohibition and Suspension was issued by the Secretary of State on November 8, 2007, which prohibited Chad Eric Steiner ("Respondent") from offering or selling securities in or from the State of Illinois and suspended Respondent's registrations as a Salesperson and Investment Advisor Representative in the State of Illinois until further order from the Secretary of State or his duly authorized representative;

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), the failure to request a hearing within thirty (30) calendar days of the entry of the Temporary Order shall constitute an admission of any facts alleged therein and constitute a sufficient basis to make the Temporary Order final;

WHEREAS, Respondent has failed to request a hearing on the matters contained in the Temporary Order within thirty (30) calendar days of the entry of said Temporary Order and the Respondents are hereby deemed to have admitted the facts alleged in the Temporary Order;

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State's Findings of Fact 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.
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.
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.


WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Conclusions of Law contained in the said Temporary Order as the Secretary of State's Conclusions of Law as follows:

1. 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.

2. 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.
3. 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.
4. 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 permanently prohibit or suspend the person from offering or selling any securities in this State.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Sections 11.E and 11.F of the Act, Respondent Chad Eric Steiner is **PERMANENTLY PROHIBITED** from offering or selling securities or acting as an Investment Advisor in or from this State.

ENTERED: This 27th day of December 2007.


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 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.

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 Illinois Securities Act (14 Ill. Admin. Code, Ch. I, 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.

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