

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

IN THE MATTER OF: ARTHUR J. BOOZE

)
) **FILE NO. 0500642**
)

ORDER OF REVOCATION

TO THE RESPONDENT: Arthur J. Booze
(CRD #2570386)
427 West Army Trail Road
Bloomington, Illinois 60108

WHEREAS, the above-captioned matter came on to be heard on January 5, 2006 pursuant to the Notice of Hearing dated November 1, 2005, FILED BY Petitioner Secretary of State, and the record of the matter under the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") has been reviewed by the Secretary of State or his duly authorized representative.

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State.

WHEREAS, the proposed Findings of Fact, Conclusions of Law and Recommendations of the Hearing Officer, James L. Kopecky, Esq., in the above-captioned matter have been read and examined.

WHEREAS, the proposed Findings of Fact of the Hearing Officer are correct and are hereby adopted as the Findings of Fact of the Secretary of State:

1. The Department served Respondent with a Notice of Hearing on March 29, 2006.
2. The Respondent received actual notice of the hearing.
3. The Respondent appeared at the time and place scheduled for the hearing.
4. At all relevant times, the Respondent was registered with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act until October 1, 2004.

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5. On September 19, 2005, the NASD entered an Order Accepting Offer of Settlement submitted by the Respondent ("Order") regarding Disciplinary Proceeding No. C8A050029. The order sanctioned Respondent by suspending him from association with any NASD member in all capacities for one year and fined him \$5,000.00.
6. *The Order found:*
 - a. On or about January 22, 2002, the Respondent recommended and effected the sale of \$10,000 worth of shares in the Van Kampen Equity Income Fund and the purchase of \$10,000 worth of shares in the One Group Government Bond Fund in the account of customer E.G.
 - b. As required by the Member, the Respondent completed a mutual fund product switch letter, which was signed and dated by customer E.G. and the Respondent.
 - c. At some point, the Respondent filled in the switch letter by hand to include the reason for the switch (Client wants to diversify his portfolio), the surrender charge for the sale of the Van Kampen Fund (\$509), and an initial sales charge for purchase of the One Group Fund (\$450). The Respondent admitted that he did not tender a copy of the switch letter with the true and accurate sales charges to customer E.G.
 - d. The Respondent faxed the switch letter to the Member's principal review desk (PRD) for approval, which was granted.
 - e. At the same time he faxed the form to PRD or shortly thereafter, the Respondent used "white out" on the signed mutual fund product switch letter to erase the surrender charge. He then wrote false figures over the white out to show a surrender charge of \$0. The true and accurate surrender charge was \$509, as indicated on the switch letter faxed to PRD.
 - f. The Respondent placed the altered product switch letter that contained the false surrender charge in customer E.G.'s file.
 - g. On or about May 30, 2002, the Respondent recommended and effected the sale of \$21,753 worth of shares in the Van Kampen Equity Income Fund and the purchase of \$21,753 worth of shares in the One Group Small Cap Value Fund in the account of customer W.B.

- h. As required by the Member, the Respondent completed a mutual fund product switch letter that was signed and dated by customer W.B. and him.
- i. At some point, the Respondent completed the product switch letter to indicate the surrender charge for the sale of the Van Kampen fund (\$1,009.76) and the initial sales charge for the purchase of the One Group fund (\$1,087.65).
- j. The Respondent sent the switch letter to the Member's PRO for approval.
- k. PRD sent the form back to the Respondent because the form failed to state a reason for the switch.
- l. The Respondent then handwrote that the "client's goal has changed to aggressive growth. Equally his risk tolerance has moved to aggressive. Thus the reason for the small cap value recommendation." He then faxed the form back to PRD. He did not tender a copy of the switch letter with the accurate fees to the customer.
- m. At the same time he faxed the form back to PRD or shortly thereafter, the Respondent used "white out" on the mutual fund product switch letter to erase the surrender charge and the initial sales charge. He then wrote on top of the white out to show a false surrender charge of \$109 and a false initial sales charge of \$108.
- n. The Respondent placed the altered product switch letter with the false sales figures in customer W.B.'s file.
- o. Regarding the above transactions detailed above, the Respondent recommended to customers E.G. and W.B. that they sell their existing mutual funds and purchase mutual funds in a different fund family. His recommendation was made without any review or consideration of the customers' financial situation, objectives and needs and without reasonable efforts to obtain information concerning the customers' financial status, the customers' tax status or the customers' investment objectives and without discussing the possibility of purchasing similar mutual funds within the existing fund family.
- p. The Respondent's recommendations were made primarily for the purpose of benefiting himself and increasing his sales.

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- q. As a result, the customers incurred surrender charges and sales charges that could have been avoided because a similar product in the same fund family was available for no additional cost.
- r. Customer E.G. incurred a surrender charge of \$500 and customer W.B. incurred a surrender charge of \$1,009.76.

By reason of the foregoing, the Respondent violated NASD Conduct Rules 2110, 2310 and IM 2310-2.

WHEREAS, the proposed Conclusions of Law made by the Hearing Officer are correct and are hereby adopted as the Conclusions of Law of the Secretary of State:

1. The Department properly served the Notice of Hearing on Respondent on March 29, 2006.
2. The Respondent did not contend that notice was improper and, therefore, any such contention was waived pursuant to Section 130.1102(b) of the Code.
3. The Secretary of State has jurisdiction over the subject matter hereof pursuant to the Act.
4. Section 8.E(1)(j) of the Act provides, inter alia, that the registration of the salesperson may be revoked if the Secretary of State finds that such salesperson has been suspended by any self-regulatory organization registered under the Federal 1934 Act or Federal 1974 Act arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard promulgated by the self-regulatory organization.
5. NASD is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
6. Section 8.E(3) of the Act provides for, inter alia, withdrawal of an application for registration or withdrawal from registration as a salesperson, effective 30 days after receipt of an application to withdraw or within such shorter period of time as the Secretary of State may determine. If no proceeding is pending or instituted and withdrawal automatically becomes effective, the Secretary of State may nevertheless institute a revocation or suspension proceeding within 2 years after withdrawal became effective and enter a revocation or suspension order as of the last date on which registration was effective.
7. Respondent's registration in the State of Illinois is subject to revocation pursuant to Section 8.3(1)(j) of the Act.
8. No showing of scienter or willful conduct is required to impose the requested sanction under Section 8.3(1)(j) of the Act.

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9. Respondent is subject to statutory disqualification under Section 8.3(1)(j) of the Act.
10. The Secretary of State instituted this proceeding within 2 years after the effective date upon which Respondent's registration was terminated.
11. The allegations as stated in the NASD Order Accepting Offer of Settlement constitute fraudulent and deceptive acts or a practice in violation of NASD rules.

WHEREAS, the Hearing Officer recommended that the Secretary of State should revoke the Respondent's registration as a salesperson in the State of Illinois effective May 6, 2005, and the **Secretary of State adopts** in its entirety the Recommendation made by the Hearing Officer.

NOW THEREFORE, IT SHALL BE AND IS HEREBY ORDERED:

1. Respondent's registration as a salesperson in the State of Illinois is **REVOKED**, effective October 1, 2004.
2. This matter is concluded without further proceedings.

ENTERED This 2nd day of August 2006.


JESSE WHITE
Secretary of State
State of Illinois

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 Act (14 Ill. Admin. Code, Ch. 1 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.