

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: VIRGIL M. PETERSON

FILE NO. 0500508

CONSENT ORDER OF WITHDRAWAL

TO THE RESPONDENT: Virgil M. Peterson
CRD# 1094640
1247 Moyle Drive
Alpine, UT 84003

C/o Mark N. Schneider
Attorney at Law
4764 South 900 East
Suite 3-C
Salt Lake City, Utah 84117

WHEREAS, Respondent on the 1st day of February 2006 executed a certain Stipulation to Enter Consent Order of Withdrawal (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 November 4, 2005 in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Withdrawal ("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 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.
- 2 That on July 13, 2005, the NASD entered a Letter of Acceptance, Waiver and Consent (AWC) submitted by the Respondent Peterson and his firm

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Alpine Securities Corporation ("ALPS") regarding File No 913330 and imposed the following sanctions on Respondent Peterson

- a a 30-business-day suspension from associating in any capacity with any member firm,
 - b a 60 business day suspension from serving in a principal or supervisory capacity, and
 - c a \$25,000 fine
- 3 That the AWC found
- a During 2003, Peterson was ALPS's president and chief compliance officer. Peterson had full responsibility for the firm's anti-money laundering program and written supervisory procedures, including organizing, monitoring, and managing the firm's AML compliance.
 - b In November and December 2003, Respondent Peterson and ALPS opened accounts at ALPS on behalf of six Chinese nationals, each of whom resided in the People's Republic of China. Promptly after opening their accounts, the Chinese customers purchased a total of 51,000 shares of KUKH, between November 28 and December 18, 2003. To pay for the shares, a total of \$153,750 was wired into the Chinese customers' accounts during December 2003. Respondent Peterson and ALPS failed to properly identify and verify the customers, pursuant to the firm's written AML procedures. The conduct constitutes separate and distinct violations of Conduct Rules 2110, 3010, and 3011.
 - c The Chinese customers did not place the purchase orders for KUKH themselves, instead, Edward Wang, a purported representative of the customers, placed the buy orders with Peterson and ALPS. Respondent Peterson and ALPS executed Wang's orders without receiving prior written authorization from the six Chinese customers. This conduct constitutes separate and distinct violations of Conduct Rules 2110, 2510(b), and 3110(c)(3).
 - d Respondent Peterson and ALPS filled the Chinese customers' buy orders for KUKH from other ALPS customers who already possessed shares of KUKH. Respondent Peterson and ALPS solicited ALPS customers to sell their shares to the Chinese customers. Respondent

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Peterson and ALPS inaccurately marked approximately 37 order tickets for the selling shareholders of KUKH as "unsolicited" instead of "solicited." This conduct constitutes separate and distinct violations of SEC Rule 17a-3 and NASD Conduct Rule 3110.

e As ALPS's president and chief compliance officer, Peterson was responsible for establishing and maintaining an adequate and reasonable supervisory system. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of NASD, concerning books and records, anti-money laundering, and discretionary trading authority. The firm's supervisory system also failed to provide for adequate and reasonable supervision of Respondent Peterson. The firm's supervisory system did not include written supervisory procedures providing for (1) identification of the person(s) responsible for supervision with respect to the applicable rules, (2) a statement of the supervisory step(s) to be taken by the identified person(s), (3) a statement as to how often such person(s) should take such step(s), and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented. This conduct constitutes separate and distinct violations by ALPS and Peterson of NASD Conduct Rules 2110 and 3010(a).

f ALPS and Peterson failed to enforce the firm's written supervisory procedures relating to making and keeping current books and records, exercising discretionary power in customer's accounts without customers providing prior written authorization to a stated individual, and complying with anti-money laundering laws. The conduct constitutes separate and distinct violations of NASD Conduct Rules 2110 and 3110(b).

4 That Section 8 E(1)(j) of the Act provides, inter alia, that the registration of a salesperson may be suspended or 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 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.

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- 5 That NASD is a self-regulatory organization as specified in Section 8 E(1)(j) of the Act
- 6 That by virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to suspension or revocation pursuant to Section 8 E(1)(j) of the Act

WHEREAS, by means of this 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

That by virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to suspension or revocation pursuant to Section 8 E(1)(j) of the Act

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that his registration as a salesperson in the State of Illinois was withdrawn on November 9, 2005 Respondent additionally acknowledged and agreed that said withdrawal was not effective since it was filed after the Notice of Hearing was issued Finally, Respondent acknowledged and agreed that the Secretary of State will permit his withdrawal to become effective upon entry of this Consent Order and agreed not to re-apply for registration for three (3) years from the entry of this Consent Order

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, Investors Education 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, Investors Education Fund

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

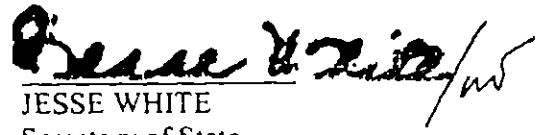
- 1 The Respondent's November 9, 2005 withdrawal of his registration is approved
- 2 The Respondent shall not re-apply for registration for three (3) years from the entry of this Consent Order

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- 3 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, Investors Education Fund, and on February 1, 2006 has submitted One Thousand dollars (\$1,000 00) in payment thereof
- 4 The formal hearing scheduled on this matter is hereby dismissed without further proceedings

ENTERED This 7th day of February 2006.


JESSE WHITE
Secretary of State
State of Illinois