

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: SHAWN ELLIOT RUSSELL

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) File No. 0300710  
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ORDER OF PROHIBITION

TO THE RESPONDENT: Shawn Elliot Russell (CRD # 4081056)  
9792 Grande Verde Way  
Apt. 502  
Boca Raton, Florida 33428

WHEREAS, the record of the above captioned matter 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 Facts and Conclusions of Law and Recommendation of the Hearing officer, Jon K. Ellis, in the above-captioned matter have been read and examined;

WHEREAS, the following proposed Findings of Fact are correct and are adopted by the Secretary of State as follows:

1. The pleadings and Exhibits have been offered and received from the Department and a proper record of all proceedings has been made and preserved as required by law.
2. The Hearing Officer has ruled on all motions and objections timely made and submitted.
3. The Hearing Officer and the Secretary of State Securities Department have jurisdiction over the parties herein and subject matter dealt with herein, due and proper notice having been previously given as required by statute in this Matter.
4. As no Answer was filed, Respondent Shawn Elliot Russell, is therefore deemed to be in default.

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5. The Respondent is an individual with a last known address of 9792 Grande Verde Way, Apartment 502, Boca Raton, Florida 33428.
6. That Section 2.1 of the Act (815 ILCS 5/2.1) defines the term "Security" as any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit sharing agreement, collateral trust certificate, pre-organization certificate or subscription, transferable share, investment contract, investment fund share, face-amount certificate, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral lease, right or royalty, any put, call, straddle, option, or privilege on any security, certificate of deposit or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a "Security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. "Security" does not mean a mineral investment contract or a mineral deferred delivery contract; provided, however, the Department shall have authority to regulate these contracts as hereinafter provided.
7. That Section 2.5 of the Act (815 ILCS 5/2.5) defines the term "Sale or Sell" to include the full meaning of that term as applied by or accepted in the courts of this State, and shall include every contract of sale or disposition of a security or interest in a security of value.
8. That Section 2.5a of the Act (815 ILCS 5/2a) defines the term "Offer" to include every offer to sell or otherwise dispose of, solicitation of an offer to purchase, a security or interest in a security for value; provided that the term "Offer" shall not include preliminary negotiations or agreements between an issuer and any underwriter or among underwriters who are or are to be in privity of contract with an issuer, or a the circulation or publication of an identifying statement or circular or

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preliminary prospectus, as defined by rules or regulations of the Secretary of State.

9. That on or about May 11, 2001 and May 25, 2001, Robert Their, an Illinois resident, purchased from the Respondent a total of 400 shares of Advanced Micro Devices for a total investment of \$13,393.00.
10. That on or about July 8, 2001, the Respondent, without authorization of Robert Their, sold the aforementioned 400 shares of Advanced Micro Devices, and furthermore, that on or about July 11, 2001, the Respondent, without authorization of Robert Their, used the proceeds of the aforementioned sale of Advanced Micro Devices to purchase 5,000 shares of Trident Systems.
11. That subsequent to the aforesaid purchase of Trident Systems described herein, the value of Trident Systems fell to a point of being virtually worthless.
12. That each of the above-referenced shares of stock constitutes a "Security" as that term is defined by Section 2.1 of the Act and is an offer and a sale of a security as defined by 2.5 of the Act.
13. That the Respondent induced an Illinois resident to purchase said securities as detailed and documented in the Department's pleadings and Exhibits, and that at all times relevant thereto, the Respondent engaged in a transaction, practice or course of business in connection with the sale or purchase of securities which worked or tended to work a fraud or a deceit upon investors who purchased the securities, in that the Respondent sold shares of Advanced Micro Devices that were owned by Robert Their without Robert Their's authorization, and subsequently used the proceeds of said sale to purchase shares of Trident Systems, also without the authorization of Robert Their, and that furthermore, subsequent to the aforesaid transactions, the shares of Trident Systems fell to the point of being virtually worthless.
14. That Section 12.F of the Act (815 ILCS 5/12.F) provides that it is 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 a security

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which works or tends to work a fraud or deceit upon the purchaser or seller thereof.

15. That the Respondent has violated Section 12.F of the Act.
16. That Section 11.E(2) of the Act (815 ILCS 5/11.E(2)) provides, inter alia, that if the Secretary of State shall find that any person has violated subsection F of Section 12 of the Act, the Secretary of State may by written order temporarily or permanently prohibit or suspend the person from offering or selling any securities in this State, provided that any person who is the subject of an order of permanent prohibition may petition the Secretary of State for a hearing to present evidence of rehabilitation or change of circumstances justifying the amendment or termination of the order of permanent prohibition.
17. That Section 11.E(4) of the Act (815 ILCS 5/11.E(4)) provides that, in addition to any other sanction or remedy contained in subsection E, 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, as well as the costs of investigation and reasonable expenses, for each violation of the Act, and may issue an order of public censure against the violator.
18. That the entry of a Final Order of Prohibition is proper in this case, given the conduct of the Respondent as described in Secretary of State Exhibits No. 1-4, as well as the fact that said Respondent failed to appear at the hearing and properly answer the Notice of Hearing.

WHEREAS, the following proposed Conclusions of Law are correct and are adopted by the Secretary of State as follows:

1. After proper notification, the Department may proceed with a hearing in Respondent's absence. (735 ILCS 5/1-105 and 5/2-1301); Ryan v. Bening, 1978, 22 Ill.Dec. 873, 66 Ill.App.3d 127, 383 N.E.2d 681; Koenig v. Nardullo, 1968, 99 Ill.App.2d 480, 241 N.E.2d 567; In Re the Marriage of Garde, 1983, 73 Ill.Dec.816, 118 Ill.App.3d 303, 454 N.E.2d 1065. Significantly, the Notice of Hearing outlines that a default judgment may be entered against a Respondent who fails to appear or answer the charges.



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2. The actions, statements, representations, and/or omissions of the Respondent Shawn Elliot Russell that were made in connection with the offer or sale of securities and worked or tended to work a fraud or deceit upon an Illinois purchaser is a violation of 815 ILCS 5/12.F.
3. That by virtue of the foregoing, Respondent Shawn Elliot Russell is subject to an Order of permanent Prohibition in the State of Illinois and/or granting such other relief as may be authorized under this Act.
4. Because of the Findings of Fact, the pleadings, and Exhibits admitted as Secretary of State Exhibits Nos. 1-4, as well as the fact that said Respondent failed to answer the Notice of Hearing or appear at the hearing, the entry of a written Order of Prohibition pursuant to 815 ILCS 5/11.E(2) which permanently prohibits the offer or sale of securities by Respondent Shawn Elliot Russell in the State of Illinois is proper in this Matter.

NOW THEREFORE, IT IS HEREBY ORDERED THAT: pursuant to the recommendation of the Hearing Officer and the authority granted by Section 11.E of the Act, Shawn Elliot Russell is hereby prohibited from offering or selling securities in the State of Illinois until further order of the Secretary of State.

ENTERED: This 1<sup>st</sup> day of June, 2004

   
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Jesse White  
Secretary of State  
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of the Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order, shall be guilty of a Class 4 felony.

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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, Section 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.

Attorney for the Secretary of State:  
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