

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: THOMAS H. THORP

) File No. 0100612
)

ORDER OF REVOCATION

TO THE RESPONDENT: Thomas H. Thorp (CRD# 2745965)
521 W. Merle Lane
Peoria, Illinois 61604

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 Thomas H. Thorp, is therefore deemed to be in default.
5. At all times relevant, the Respondent was registered as an investment adviser representative for Lincoln

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Investment Planning, Inc. (a registered investment adviser in the State of Illinois) pursuant to Section 8 of the Illinois Securities Law (815 ILCS 5/1 et seq.) of the Act.

6. The Respondent's registration as an investment adviser representative was withdrawn on December 26, 2001.
7. On January 11, 2002. the Illinois Secretary of State issued an Order of Prohibition against the Respondent, prohibiting the Respondent from selling or offering securities in or from the State of Illinois or from engaging in the business of rendering the investment advice as an investment adviser or investment adviser representative in or from the State of Illinois, in that the Respondent offered or sold securities in the State of Illinois while failing to register said securities in violation of Sections 12.A and 12.D of the Act
8. On March 13, 2003, in the U.S. District Court for the Central District of Illinois, Peoria Division, the Respondent entered into a Plea Agreement regarding Case No. 03-10021 styled "United States of America v. Thomas H. Thorp." Paragraph 4 of the aforesaid Agreement states in pertinent part, that "the defendant will plead guilty to the Information, in which the defendant is charged with Mail Fraud, in violation of Title 18, United States Code, Section 1341." On March 13, 2003, the Respondent pleaded guilty to the aforementioned Information, said guilty plea was accepted by Judge Joe B. McDade of the U.S. District Court, Central District of Illinois, and a judgment of conviction was entered.

The pertinent elements of the charge of Mail Fraud, as stated in Paragraph 5 of the aforesaid Plea Agreement, were as follows: that the Respondent knowingly devised a scheme to defraud and to obtain money by means of false pretenses, representations, and promises as described in the Information; that the Respondent did so knowingly and with the intent to defraud; and that for the purpose of carrying out the scheme or attempting to do so, the Respondent used or caused to be used the United States Mail in the manner charged in the Information.

That the aforementioned Information alleged as follows: that the Respondent owned and operated Thorp Financial Services and Tom Thorp and Associates in Peoria and East Peoria, Illinois; that the Respondent was registered with

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the Security Department of the Illinois Secretary of State's Office to sell securities; that as a securities broker, the Respondent sold Internal Revenue Cod ("IRC") 403(b) variable tax-sheltered annuities to school teachers; that beginning in approximately January, 1998, and continuing to in or about November 2001, the Respondent knowingly devised and participated in a scheme and artifice to defraud and to obtain money by means of false and fraudulent pretenses, representations and promises as follows: that the Respondent made representations to his clients that he could guarantee higher rates of return on the money his clients currently had in their respective IRC 403(b) tax sheltered annuities when he knew he could not guarantee said rate of return; that the Respondent induced his clients to take loans out against the corpus of their respective annuities and turn that money over to him with the promises that he could guarantee his clients a 10% rate of return over a period of six months when he knew he could not guarantee said rate of return; that the Respondent induced his clients to take out loans against the corpus of their respective annuities with promises that their money would be safe and risk free because the clients would be named as beneficiaries on the life insurance policy of the Respondent and with promises that Tom Thorp and Associates guaranteed their money with funds received from the sale of an insurance business, when the Respondent knew that the clients were not named as beneficiaries and that Tom Thorp and Associates did not have sufficient funds to guarantee coverage for the money so provided to him by his clients; that the Respondent caused the signatures of his clients to be forged to applications for loans with the Northern Life Insurance Company against the corpus of his clients' annuities, and caused the signatures of his clients to be forged to Northern Life Insurance Company checks issued to his clients; and that Respondent used client funds to repay other clients and otherwise for his own personal use while assuring his clients that their money would be repaid.

9. That by virtue of the foregoing, Respondent Thomas H. Thorp has violated Section 8.E of the Act.
10. That Section 8.E.(1)(b) of the Act states, inter alia, that subject to the provisions of subsection F of Section

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11 of the Act, the registration of an investment adviser representative may be suspended or revoked if the Secretary of State finds that the investment adviser representative has engaged in any unethical practice in the offer or sale of securities or in any fraudulent business practice.

11. That Section 8.E.(1)(c) of the Act states, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of an investment adviser representative may be suspended or revoked if the Secretary of State finds that the investment adviser representative has failed to account for any money or property.
12. That Section 8.E.(1)(k) of the Act states, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of an investment adviser representative may be suspended or revoked if the Secretary of State finds that an investment adviser representative has had any order entered against him or her after notice of hearing by a securities agency of any state arising from a practice in violation of any statute, rule or regulation administered or promulgated by the agency.
13. That Section 8.E.(3) of the Act provides, inter alia, that if no proceeding is pending or instituted and withdrawal becomes effective, the Secretary of State may nevertheless institute a revocation or suspension proceeding within two years after withdrawal became effective and enter a revocation or suspension order as of the last date on which registration was effective.
14. That by virtue of the foregoing, the Respondent is subject to the entry of an Order which revokes his investment adviser representative registration in the State of Illinois pursuant to the authority provided under Sections 8.E(1)(b), 8.E(1)(c) and 8.E(1)(k) of the Act.
15. The entry of a Final Order of Revocation is proper in this Matter, given the conduct of Respondent Thomas H. Thorp as described in Secretary of State Exhibits No. 1-5, as well as the fact that said Respondent failed to

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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.
2. That the conviction of Respondent Thomas H. Thorp on March 13, 2003, as detailed and documented in the Department's Exhibits Nos. 1 and 4 is a violation of 815 ILCS 5/8.E.
3. That by virtue of the forgoing, Respondent Thomas H. Thorp is subject to an Order of Revocation in the State of Illinois and/or granting such other relief as may be authorized under the Act.
4. Because of the Findings of Fact and Conclusions of Law, the Pleadings, Exhibits Nos. 1-5 and the judgment of conviction entered against Respondent Thomas H. Thorp on March 13, 2003 in the U.S. District Court of the Central District of Illinois, Peoria Division in Case No. 03-10021 styled "United States of America v. Thomas H. Thorp" admitted as Secretary of State Exhibits Nos. 1 and 4, as well as the fact that said Respondent failed to answer the Notice of Hearing or appear at the hearing, the entry of written Order of Revocation pursuant to 815 ILCS 5/8.E(3) which revokes the registration of Respondent Thomas H. Thorp as an investment adviser representative of securities in the State of Illinois is proper in this Matter.

WHEREAS, the proposed Recommendation of the Hearing Officer is correct and is adopted by the Secretary of State as follows:

The Hearing Officer therefore recommends that a Final Order be entered pursuant to Section 8.E(3) of the act which revokes the registration of Respondent Thomas H. Thorp as an



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investment adviser representative of securities in the State of Illinois.

NOW THEREFORE IT IS HEREBY ORDERED: That pursuant to the foregoing Findings of Fact and Conclusions of Law, and the Recommendation of the Hearing Officer, the registration of Thomas H. Thorp as an investment adviser representative in the State of Illinois shall be and hereby is revoked.

ENTERED: This 4th day of March, 2004

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.

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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