

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

IN THE MATTER OF: ALPHONSO J. VRUNO)
_____)

FILE NO. C0200225

ORDER OF PROHIBITION

TO THE RESPONDENT:

Alphonso J. Vruno
1N500 Turnberry Lane
Winfield, IL 60190

Alphonso J. Vruno
C/o Santo Volpe, Esq.
53 W. Jackson Blvd.
Suite 801
Chicago, IL 60604

WHEREAS, the above-captioned matter came to be heard on December 11, 2002, pursuant to a Notice of Hearing dated September 19, 2002 and an Order of Continuance dated November 13, 2002, 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 and Conclusions of Law and Recommendation of the Hearing Officer, Richard M. Cohen, in the above-captioned matter have been read and examined;

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

1. The Department gave proper notice of this hearing to Respondent.
2. The Department has personal jurisdiction over the Respondent under Section 11.F of the Act, pursuant to its proper service of the Notice.

3. Respondent did not appear at the hearing, either personally or through counsel.
4. Respondent is found to be in default.
5. Exhibits have been offered and received from the Department, admitted into evidence, testimony of witnesses taken, and proper record of all proceedings has been made and preserved as required.
6. There are no outstanding petitions, motions, or objections in the proceeding.
7. Alphonso J. Vruno ("Respondent") is an individual with a last known address of 1N500 Turnberry Lane, Winfield, Illinois 60190.
8. Respondent was registered as a salesperson with the Secretary of State, Securities Department ("the Department") from January 23, 1996 through May 24, 2002.
9. Respondent was employed as a salesperson by Broker Dealer Financial Services Corporation ("BDFS") in Rosemont, Illinois, from January 1, 1997 through April 26, 2002.
10. While employed by BDFS, Respondent engaged in a course of business in which he practiced a fraud and deceit on at least one Illinois resident in violation of the Act as follows:

Vera Rauch

- a. Vera Rauch ("Rauch") resides at 4221 Saratoga Avenue, Apartment 115A, Downers Grove, Illinois 60515. She is a 79-year old widow and is an unsophisticated investor.
- b. Rauch met Respondent in the fall of 1998 at the College of Dupage where she worked as an administrative assistant.
- c. In or about August of 1998, Rauch met with Respondent to set up a cash account at BDFS and transferred her Bear Stearns account to BDFS with Respondent as her Financial Advisor. She told Respondent that her main objectives were safety of principal and low risk.
- d. In or about November of 1999, Rauch wrote a check from her personal checking account in the amount of \$5,000 payable to Respondent for deposit into her cash account at BDFS. Respondent failed to deposit the check into her account. Instead, Respondent converted the proceeds for his own personal use.

- e. From about August 2000 through November 2001, Respondent on several occasions induced Rauch to enter liquidating transactions in stocks, an investment fund and a money market fund in her portfolio to use for other investment purposes. Respondent then induced her to write personal checks from her bank account in similar amounts, aggregating about \$38,000 (the "Funds"), that were made payable to Respondent. Respondent told Rauch that the Funds would be used for other investments. Instead, Respondent converted the Funds to his own use and deposited the Funds into his own personal checking account.
- f. On or about May 3, 2001, Respondent induced Rauch to sign a margin agreement in order to facilitate the cash withdrawals being made from her account at BDFS.
- g. From about September 2001 through January 2002, Respondent asked Rauch for money to help him pay his own personal financial obligations. Respondent induced Rauch to take loans (the "Loans") on several of her annuity policies and in return, Respondent gave her 3 promissory notes (the "Notes") in the aggregate of \$59,200, the principal and interest of which were due in the fall of 2005. Respondent failed to explain to Rauch that she would be responsible for paying interest on the Loans during their term, while the interest on the Notes was not due until maturity in 2005.
- h. Respondent also failed to explain to Rauch that the consequences of her outstanding margin balance in her brokerage account would require her to pay monthly interest.

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

1. The activities described above constitute the offer and sale of notes, stocks, investment fund shares or investment contracts and therefore securities as those terms are defined in Sections 2.1, 2.5 and 2.5a of the Act.
2. Section 12.F of the Act provides, inter alia, that it is a violation of the Act 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.
3. Based on the foregoing, Respondent has violated Section 12.F of the Act.

4. Section 12.G of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.
5. Respondent has violated Section 12.G of the Act.
6. Section 12.I of the Act provides, *inter alia*, 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.
7. Respondent has violated Section 12.I of the Act.
8. Section 8.E(1)(g) of the Act provides, *inter alia*, that the registration of a salesperson may be revoked if the Secretary of State finds that the salesperson has violated any of the provisions of the Act.
9. Section 8.E(1)(c) of the Act provides, *inter alia*, that the registration of a salesperson may be revoked if the Secretary of State finds that the salesperson has failed to account for any money or property, or has failed to deliver any security, to any person entitled thereto when due or within a reasonable time thereafter.
10. Section 8.E(3) of the Act provides, *inter alia*, that the Secretary of State may institute a revocation proceeding within two years after withdrawal became effective and enter a revocation order as of the last date on which registration was effective.
11. Respondent's registration as a salesperson in the State of Illinois is subject to a revocation effective order as of the last date on which registration was effective, pursuant to Sections 8.E(1)(g), 8.E(1)(c) and 8.E(3) of the Act.

WHEREAS, an order of prohibition is in all respects authorized and appropriate in this case under Section 11 of the Act; and

WHEREAS, the Secretary of State adopts the Hearing Officer's Recommendation that an order be entered revoking Respondent's registration as a salesperson in the State of Illinois effective as of May 24, 2002; and prohibit Respondent from offering or selling 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, and pursuant to the authority provided under Section 11.E(2) of the Act:

1. Respondent Alphonso J. Vruno is permanently **PROHIBITED** from offering or selling any securities in the State of Illinois.
2. Respondent Alphonso J. Vruno's registration as a salesperson of securities in the State of Illinois is **REVOKED** as of May 24, 2002.

Dated: This 11th day of February, 2003.



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 Illinois Securities Law of 1953 [815 ILCS 5] (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 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 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.

Attorney for the Secretary of State:

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