

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: WILLIAM K. WILSON)
_____))
_____)

FILE NO. 0200063

ORDER OF REVOCATION

TO THE RESPONDENT: William K. Wilson
(CRD #1370065)
810 E. Shady Way
Unit 114
Arlington Heights, Illinois 60005

WHEREAS, the above-captioned matter came on to be heard on June 5, 2002, pursuant to the Notice of Hearing dated April 4, 2002, 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, Richard M. Cohen, 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 gave proper notice of this hearing to Respondent.
2. The Department has personal jurisdiction over Respondent under Section 11.F of the Act, pursuant to the Department's proper service of the Notice.
3. Respondent appeared at the hearing.
4. Exhibits have been offered and received from the Department, admitted into evidence, and a proper record of all proceedings has been made and preserved as required.

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5. There are no outstanding petitions, motion, or objections in the proceeding.
6. 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 September 20, 2001.
7. On November 15, 2001 the National Association of Securities Dealers Regulations, Inc. (NASDR) entered a Letter of Acceptance, Waiver and Consent (AWC) submitted by the Respondent regarding File No. C8A010085 which sanctioned the Respondent as follows:
 - a. Censure;
 - b. Suspension from association with any member of the NASD in any capacity for thirty (30) business days; and
 - c. Fined \$2,500.
8. The AWC, found that the Respondent on or about, September 21, 1999, deposited into an account for his benefit a commission check in the amount of \$912.28 for his life insurance policy, which check was payable to another WMA (Respondent's employer) representative, without the knowledge or consent of that representative, in violation of NASD Conduct Rule 2110.
9. Section 8.E(1)(j) of the Act provides, inter alia, that the registration of a 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 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.
10. Section 8.E(3) of the Act provides, inter alia, withdrawal of an application for registration or withdrawal from registration as a salesperson, becomes 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.

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:

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1. The Department has jurisdiction over the subject matter hereof pursuant to the Act.
2. Section 8.E(1)(j) of the Act provides, inter alia, that the registration of a 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 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.
3. That the NASDR is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
4. That by virtue of the foregoing, Respondent's registration as a salesperson in the State of Illinois is subject to revocation pursuant to Section 8.E(1)(j) of the Act effective September 20, 2001.

WHEREAS, the Hearing Officer recommended that the Secretary of State should not revoke the Respondent's registration as a salesperson in the State of Illinois, but rather in the event "a registered dealer desires to hire Respondent as a registered salesperson, the Secretary should approve the registration but with some conditions..." The Secretary of State rejects this Recommendation in its entirety.

The Secretary of State is mandated by statute to enforce the provisions of the Securities Act. The task in construing a statute is to examine the statute itself toward the end that the true intent and meaning of the legislature be ascertained and given effect.¹ Section 8, and the rules thereunder, prescribes the minimum qualifications for, among other things, salesperson registration in Illinois. A revocation of a license granted under statutory authority to one engaging in a profession is but an exercise of the state's discretion, under its police power, as to whether the person holding the license is properly qualified to continue in the profession.² The predominant purpose of the state in licensing a trade or profession is the prevention of injury to the public by insuring that the occupation will be practiced with honesty and integrity, excluding from the profession those who are incompetent or unworthy.³ Upon the occurrence of certain conditions outlined under Section 8.E(1), the applicant or registrant becomes disqualified. Hence the relevant application or registration is subject to revocation, suspension or denial. There are no other remedies for Section 8 disqualification provided in the Act.

¹ See Bd. of Ed. of Tp. High Sch. Dist. v. Cronin, 69 Ill.App.3d 472, 388 N.E.2d 72 (1st Dist. 1972).

² Klafter v. State Board of Architects, 259 Ill. 15 (1913).

³ e.g., see Coles v. Department of Registration and Education, 59 Ill.App.3d 1046, 376 N.E.2d 269 (1st Dist. 1978).

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Subsection 8.E(1) is part of a broad statutory system, interpretation of which must regard the State's interest in protecting the public from the effects of the improper conduct of its registrants.⁴ In seeking a bar to qualification, the focus is on the evaluation of a licensee's conduct with regard to fitness to practice the profession as it affects the public. Although the action may be a hardship, resulting in the loss of livelihood, the action is not a criminal prosecution. A suspension, revocation or denial under Section 8 is neither a judgment of the illegality of prior acts nor the infliction of punishment for them.⁵

The Secretary's operative concern in exercising his discretion under Section 8.E.(1) is investor protection. Section 8 of the Act authorizes the Secretary of State to revoke registration upon the occurrence of only one instance of discipline or prohibited conduct. The language of the statute is clear on this point. Investor protection is the paramount objective of the Illinois Securities Law. The residents of this State have the right to expect honest and ethical conduct from Persons registered by the State to conduct securities business in Illinois.

The Hearing Officer refers to the sanctions imposed upon the Respondent by the National Association of Securities Dealers, Inc. (NASD) as, "one regulator's concept of the imposition of sanctions." The NASD is a registered self-regulatory organization charged by federal securities law with enforcing the "just and equitable principles of trade." To achieve this goal, it has established rules and guidelines for imposing sanctions on its members for violating those rules. NASD guidelines for sanctions serve the NASD well in its own forum, but are neither applicable nor binding on the State of Illinois. Owing to the differences of perspective and goals between the NASD and the Secretary of State of Illinois, the Secretary is not required to adopt NASD *guidelines* as the criteria for determining whether a Person is qualified to be registered under Section 8.E(1)(j) of the Act.

The Respondent has been inactive in the securities industry since prior to the date of the NASD decision. Therefore, there is no subsequent record to demonstrate that he has "rehabilitated" his conduct and poses no risk to the public. At the same time revocation poses no hardship to the Respondent who is no longer employed in the industry. Further, the gravamen of the NASD action was conversion; the respondent deposited a commission check belonging to another salesperson in his personal account. Respondent's testimony at the Hearing indicates he believed he was justified in so doing. This position does not demonstrate to the Secretary of State that the Respondent appreciates the gravity of his actions or has learned anything from this

⁴ e.g., see Coles v. Department of Registration and Education, 59 Ill.App.3d 1046; 376 N.E.2d 269 (1st Dist. 1978) [Suspension of real estate license was warranted where licensee, having been convicted of 5 counts of interference with commerce by threats or violence and of 2 counts of subscribing false income tax returns, was under a statutory disability]. See also Ranquist v. Stackler, 55 Ill.App.3d 930; 342 N.E.2d 1198 (1977).

⁵ e.g., see Coles and Ranquist, *supra* n. 4; and In Re Damisch, 38 Ill.2d 195, 230 N.E.2d 254 (1967); Klafter v. State Board of Architects, 259 Ill. 15 (1913).

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incident. Taking into consideration the Respondent's apparent lack of rehabilitation and even of understanding that depositing a check belonging to another person into his own account constitutes conversion and is not an appropriate means for resolving a dispute, along with Secretary's overriding concern for investor protection, the Secretary of State finds that the Respondent is not qualified to maintain his registration as a salesperson in the State of Illinois pursuant to Section 8.E(1)(j).

The Secretary of State is responsible for enforcing the qualifications required of salespersons under Section 8. His construction of the Act is entitled to weight as the interpretation of an Act by the agency charged with its administration and enforcement.⁶ The Secretary of State Illinois Securities Department routinely issues Notices of Hearing under Section 8.E(1)(j) premised upon consent orders. It is the policy of the Secretary of State to vigorously enforce subsection 8.E(1), particularly in all matters that are connected with fraud.

The NASDR Letter of Acceptance, Waiver and Consent imposed a censure, fine and suspension on Respondent and meets the fraudulent or deceptive act or practice criteria of the Act. In view of the findings made by the NASD Order against William K. Wilson, the legislative grant of authority embodied in subsection 8.E(1)(j) of the Act allows the Secretary to revoke the Respondent in order to protect Illinois investors.

The Hearing Officer suggests a series of actions and restrictions that should be placed upon the Respondent should he seek registration as a salesperson in the future. The Hearing Officer's recommendations are rejected as they do not apply to the issues at hand in this case. The Respondent has no pending application and the question of the Respondent's possible re-registration is not addressed in the Notice of Hearing. Therefore the issue is not ripe for consideration by the Hearing Officer.

For the reasons stated above, the Secretary of State rejects the Hearing Officer's recommendation and enters this Order of Revocation against the Respondent pursuant to Sections 8.E(1)(j) and 8.E(3) of the Act.

NOW THEREFORE, IT SHALL BE AND IS HEREBY ORDERED:

1. That William K. Wilson's registration as a salesperson in the State of Illinois is revoked pursuant to the authority provided under Section 8.E(1)(j) of the Act.

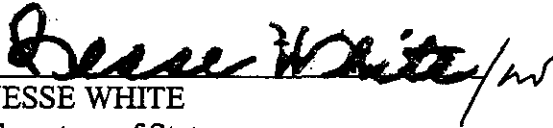
⁶ Golden Bear v. Murray, 144 Ill.App.3d 616, 626 (1st Dist. 1986) [citing Illinois Consolidated Telephone Co. v. Illinois Commerce Commission, 95 Ill.2d 142, 152-53 (1983); Ranquist v. Stackler, 55 Ill.App.3d 545, 550-51 (1st Dist. 1977)].

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2. That this matter is concluded without further proceedings.

ENTERED: This 16th day of January, 2003.


JESSE WHITE
Secretary of State
State of Illinois

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