

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

**In the Matter of: RALPH RUSSELL, individually
and d/b/a RWR CAPITAL PARTNERS, LLC
and d/b/a RWR CAPITAL MANAGEMENT, LLC,
RWR CAPITAL PARTNERS, LLC,
and RWR CAPITAL MANAGEMENT, LLC**

File No. 0700041

DEFAULT ORDER OF PROHIBITION

TO RESPONDENT:

Ralph W. Russell
2487 Legacy Drive
Aurora, IL 60504

RWR Capital Partners, LLC
47 E Chicago Ave., Suite 336
Naperville, IL 60540

RWR Capital Management, LLC
47 E. Chicago Ave., Suite 336
Naperville, IL 60540

RWR Capital Management, LLC
55 S. Main St., Suite 339B
Naperville, IL 60583

RWR Capital Management, LLC
RWR Capital Partners, LLC
C/o Ralph W. Russell
2487 Legacy Drive
Aurora, IL 60504

C/o John F. Gibbons, Esq.
Kimberly M. DeShano, Esq.
Greenberg Traurig LLP
77 W. Wacker Drive, Suite 2500
Chicago, IL 60601

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WHEREAS the above-captioned matter came to be heard on the 15th day of December, 2009 at the hour of 10:00 a m., at the Secretary of State's office at the Office of the Inspector General, 535 Plainfield Road—Suite D, Willowbrook, Illinois 60527; Respondents Ralph W. Russell, Russell Capital Management LLC, and Russell Capital Partners LLC failed to appear, and this Default Order of Prohibition is hereby entered pursuant to Section 11 of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and Section 130.1123 of the Rules and Regulations Under the Illinois Securities Law of 1953 (the "Rules").

WHEREAS the rulings on admission of evidence and all motions at the Hearing are deemed to be proper by the Secretary of State;

WHEREAS the proposed Findings of Fact and Conclusions of Law in the above captioned matter have been read and examined;

WHEREAS the following Findings of Fact concerning Respondents Ralph W. Russell, and Russell Capital Management LLC, are deemed correct and are hereby adopted as the Findings of Fact of the Secretary of State:

1. Respondent Ralph W. Russell is an individual whose residential address is 2487 Legacy Drive, Aurora, Illinois.
2. From its organization on September 13, 2004, through its dissolution on February 28, 2006, Respondent Russell operated as the sole manager of Respondent RWR Capital Management, LLC ("Capital Management"), and continued to operate it as his d/b/a until at least October 31, 2007.
3. Between September 13, 2004, and October 31, 2007 (the "Period"), Respondent Russell conducted his investment advisory business through Respondent Capital Management. Respondents Russell and Capital Management held themselves out on their website and in seminars as engaging in the business of advising others regarding the value of securities and the advisability of investing in, purchasing, and selling securities.
4. During the Period, Respondent Russell, individually, and on behalf of and in concert with Respondent Capital Management managed the portfolio of an investment fund for compensation, Respondent RWR Capital Partners, LLC ("Partners Fund"), and sold unregistered shares of Partners Fund to residents of the State of Illinois, including LR.
5. During the Period, Respondent Russell, individually, and on behalf of and in concert with Respondent Capital Management solicited Investor Money from various Illinois resident investors, including their advisory clients, JH, DM and PO, for placement in several other purported "Funds" and other "Investments." The Investor Money thus solicited was not placed in any

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substantive investment. Instead, Russell and Capital Management converted the Investor Money to make payments they owed to other investors, or for their own use and benefit.

Fraud against Investor JH

6. In late 2006 Investor JH engaged the business of Respondents Russell and Capital Management to make recommendations and advise her on the value of securities; the advisability of investing in, purchasing, or selling securities; and to manage her investments. Respondents Russell and Capital Management continued to provide Investor JH these services through November 8, 2007.
7. In about October 2006, JH contacted Russell to hire his advisory services in managing her investments. Among other things, Russell told her his fees were to be paid quarterly, and would be a percentage of the assets under management.
8. On October 10, 2006, Respondents Russell and Capital Management sent JH a letter reviewing JH's portfolio and making suggestions regarding several Third-Party investment funds, and an insurance annuity product.
9. On February 5, 2007, Respondent Russell emailed JH, "I would like you to invest \$30,000 from your rollover into a income strategy I manage which will pay 12% for two months."
10. On about February 6, 2007, Respondents Russell and Capital Management sold \$30,000 Income Fund to JH (1st JH Transaction). At Russell's direction JH wired the funds from her Schwab account to Capital Management's bank account to pay for 1st JH Transaction.
11. On June 1, 2007 Respondents Russell and Capital Management confirmed to JH that her balance in RWR Capital Income Fund ("Income Fund") was \$31,124.
12. The Income Fund Respondents Russell and Capital Management recommended to JH constituted an Investment Fund, and therefore a Security as the term "security" is defined in Section 2.1 of the Act.
13. The activities described at Paragraphs 7 through 12 above, constitute the activities of an investment adviser as that term is defined at Section 2.11 of the Act.
14. On subsequent dates Respondents Russell and Capital Management sold JH varying amounts of Income Fund, and at Russell's direction JH wire

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transferred funds from her Schwab account to Capital Management's bank account in payment.

15. On September 10, 2007, Respondents Russell and Capital Management confirmed to JH that her balance in Income Fund was \$92,750.76.
16. Around September 2007, Respondents Russell and Capital Management proposed to JH that he would pay 15% monthly interest on funds invested with him, backed by the production generated by his life settlements business. Production records would be provided, and capital returned within 30 days of written request ("15%+ Investment")
17. On subsequent dates Respondents Russell and Capital Management sold JH varying amounts of 15%+ Investment, and at Russell's direction JH wire transferred funds from her Schwab account to Capital Management's bank account in payment.
18. On October 31, 2007, Respondents Russell and Capital Management confirmed to JH, her balances in money earning fixed returns: "The total earning 12% is \$94,126.42. The total earning 15% is \$411,978.40. The total earning 20% is \$412,094.39."
19. The 15%+ Investment Respondents Russell and Capital Management recommended to JH constituted an Investment Contract, or a Certificate of Interest or Participation in a Profit Sharing Agreement, and therefore a Security as the term "security" is defined in Sections 2.1 of the Act.
20. Respondents Russell and Capital Management never invested any of the money JH gave them to invest in the Income Fund or in the 15%+ Investment, in the Income Fund, in the 15%+ Investment, or in any substantive investment
21. At the time Respondent Russell represented to JH that the fictitious Income Fund was an investment fund Russell managed, Respondents Russell and Capital Management knew the Fund was not a bona fide investment fund, or capable of generating the promised 12% return.
22. At the time Respondent Russell recommended JH invest in the 15%+ Investment Russell knew it was not bona fide, not capable of generating the promised rates of return, and not backed by Russell's life settlements production.
23. Respondents Russell and Capital Management failed and refused to disclose to JH that they never invested JH's investment monies in any substantive investment.

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24. Respondent Russell had no reasonable basis for recommending JH to invest in the purported Income Fund, or in the purported 15%+ Investment.
25. Instead of using JH's investment money for investments as promised, Respondents Russell and Capital Management converted her money, to pay money they owed other investors, and for Russell's and Capital Management's own personal use and benefit, such as:
 - (a) To pay Respondent Capital Management's Analysis Charge (bank charge), as on September 17, 2007.
 - (b) To make a VISA purchase, as on September 24, 2007.
 - (c) To deposit in Respondent Russell's personal checking account, as on September 24 and September 28, 2007.
 - (d) To make purported principal repayments to another investor, as on September 25, 2007, September 28, 2007, October 17, 2007, and October 22, 2007.

Sale of Unregistered Securities to JH

26. Section 5 of the Act provides, *inter alia*, that all securities except those set forth under Section 2a of this Act, or those exempt under Section 3 of this Act or those offered or sold in transactions exempt under Section 4 of this Act, or face amount certificates required to be registered under Section 6 of this Act, or investment fund shares required to be registered under Section 7 of this Act, shall be registered either by coordination or by qualification, prior to their offer or sale in this State.
27. Section 7 of the Act provides, *inter alia*, that all investment fund shares except those set forth under Section 2a of the Act, or those exempt under Section 3 of the Act or those offered or sold in transactions exempt under Section 4 of the Act, or face amount certificates required to be registered under Section 6 of the Act, shall be registered either by coordination or by qualification, prior to their offer or sale in the State of Illinois.
28. The offer and sale of Income Fund by Respondents Russell and Capital Management to Investor JH constituted the Offer and Sale of an Investment Fund, and therefore a Security as the terms "security," "offer," and "sale" are defined in Section 2.1, 2.5 and 2.5a of the Act.
29. The investment fund shares issued by Income Fund to JH were not and are not registered under Section 5 or Section 7 of the Act, and there are also no filings under Section 2a or Section 6 of the Act

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30. The offer and sale of the 15%+ Investment by Respondents Russell and Capital Management to Investor JH constituted the Offer and Sale of an Investment Contract, or a Certificate of Interest or Participation in a Profit Sharing Agreement, and therefore a Security as the terms "security," "offer" and "sale" are defined in Sections 2.1, 2.5 and 2.5a of the Act.
31. The 15%+ Investment offered and sold by Ralph Russell to JH was not and is not registered under Section 5 or Section 7 of the Act, and there are also no filings under Section 2a or Section 6 of the Act.

Fraud Against Investor DM

32. In July 2006, Investor DM engaged Respondents Russell and Capital Management to make recommendations and advise him on the value of securities; the advisability of investing in, purchasing, or selling securities; and to manage his investments, Respondents Russell and Capital Management continued to provide Investor DM these services until at least as late as January 16, 2007.
33. In about July 2006, DM engaged Respondent Russell to be his investment adviser and manage his Schwab account.
34. Russell said he "charged ¾ of 1% of everything invested," as his advisory fee. DM agreed and gave Respondent Russell power of attorney over the Schwab account.
35. In September DM retired and deposited additional funds from his 401k Plan into the Schwab account Russell was managing.
37. Russell recommended DM invest the additional funds in "a Fund I have started here" called RWR Capital Management ("Management Fund"), which Russell told DM was an eligible investment for a qualified IRA Plan.
38. The Management Fund Respondents Russell and Capital Management recommended to DM constituted an Investment Fund, and therefore a Security as the term "security" is defined in Section 2.1 of the Act.
39. The activities described at Paragraphs 33 through 38 above, constitute the activities of an investment adviser as that term is defined at Section 2.11 of the Act.
40. On about September 29, 2006, Respondents Russell and Capital Management sold DM \$70,000 RWR Capital Management Fund ("Management Fund"). At Russell's direction DM made out a check in the amount of \$70,000 to RWR Capital Management, noting in the memo

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section, "IRA" (the "DM Transaction"). After the check failed to clear, DM gave Russell a replacement check on October 5, 2006.

- 41 After the DM Transaction, Respondents Russell and Capital Management sent DM a confirmation that, "Your \$70,000 invested in RWR Capital Management Fund has earned \$713.31 in the past month," at an "annual fixed rate of 12%."
- 42 Respondents Russell and Capital Management never invested any of the money DM gave them to invest in the Management Fund, in Management Fund, in Income Fund, or in any substantive investment.
- 43 At the time Respondent Russell represented to DM that the Management Fund was an investment fund Russell managed, Respondents Russell and Capital Management knew no such fund existed.
44. Respondents Russell and Capital Management failed and refused to disclose to Investor DM that they never invested DM's investment money in any substantive investment.
45. Respondent Russell had no reasonable basis for recommending DM to invest in the purported Management Fund.
46. Instead of using DM's money for investment as promised, Respondents Russell and Capital Management converted his money, to pay money they owed other investors, and for Russell's and Capital Management's own personal use and benefit, such as.
 - (a) To cover Respondent Capital Management's bank account overdraft, as on October 5, 2006.
 - (b) To make a debit card purchase as on October 5, 2006.
 - (c) To pay Respondent Capital Management's bank overdraft charges as on October 5 and October 6, 2006.
 - (d) To deposit in Respondents Russell's personal checking account, as on October 10 and October 11, 2006.

Sale of Unregistered Securities to DM

47. Section 5 of the Act provides, *inter alia*, that all securities except those set forth under Section 2a of this Act, or those exempt under Section 3 of this Act or those offered or sold in transactions exempt under Section 4 of this Act, or face amount certificates required to be registered under Section 6 of this Act, or investment fund shares required to be registered under Section 7 of this Act, shall be registered either by coordination or by qualification, prior to their offer or sale in this State.
48. Section 7 of the Act provides, *inter alia*, that all investment fund shares except those set forth under Section 2a of the Act, or those exempt under Section 3 of the Act or those offered or sold in transactions exempt under Section 4 of the Act, or face amount certificates required to be registered under Section 6 of the Act, shall be registered either by coordination or by qualification, prior to their offer or sale in the State of Illinois.
49. The offer and sale of Management Fund by Respondents Russell and Capital Management to Investor DM constituted the Offer and Sale of an Investment Fund, and therefore a Security as the terms "security," "offer," and "sale" are defined in Sections 2.1, 2.5 and 2.5a of the Act.
50. The investment fund shares issued by Management Fund to DM were not and are not registered under Section 5 or Section 7 of the Act, and there are also no filings under Section 2a or Section 6 of the Act.
51. The investment fund shares issued by Management Fund to DM were not and are not registered under Section 5 or Section 7 of the Act, and there are also no filings under Section 2a or Section 6 of the Act.

Fraud Against Investor PO

52. Some time in 2006, Investor PO engaged the business of Respondents Russell and Capital Management to make recommendations and advise her on the value of securities; the advisability of investing in, purchasing, or selling securities, and to manage her investments. Respondent Russell and Capital Management continued to provide Investor PO these services until at least as late as January 16, 2007.
53. In about November 2006, PO wanted to invest for her retirement and she had a 401k rollover, so she contacted Russell to discuss his advisory services. Among other things, Russell told her his fees would be a percentage of the assets under management.

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54. Russell recommended PO invest in RWR Capital Income Fund, which Russell represented was an investment fund he managed that would give PO an annual return of 12% ("Income Fund").
55. The Income Fund Respondents Russell and Capital Management recommended to PO constituted an Investment Fund, and therefore a Security as the term "security" is defined in Section 2.1 of the Act.
56. The activities described at Paragraphs 52 through 55 above, constitute the activities of an investment adviser as that term is defined at Section 2.11 of the Act.
57. On two occasions, November 8, 2006 and September 28, 2007, Respondents Russell and Capital Management sold PO shares of Income Fund, each in the amount of \$50,000 (the "Transactions").
58. At Russell's direction, PO paid for the first Transaction with a cashier's check made out to, "RWR Capital Management," and had the funds for the second Transaction transferred to Capital Management's bank account.
59. Respondents Russell and Capital Management never invested any of the money PO gave them to invest in the Management Fund, in that Fund, in the Income Fund, or in any substantive investment.
60. At the time Respondent Russell represented to PO that the Management Fund was an investment fund Russell managed, Respondents Russell and Capital Management knew no such fund existed.
61. Respondents Russell and Capital Management failed and refused to disclose to PO that they never invested PO's investment money in any substantive investment.
62. Respondent Russell had no reasonable basis for recommending PO to invest in the purported Management Fund.
63. Instead of investing PO's money as promised, Respondents Russell and Capital Management converted her money, to pay money they owed other investors, and for Russell and Capital Management's own personal use and benefit, such as:
 - (a) To pay for Respondent Capital Management's bank account overdraft charges, as on November 8, 2006.
 - (b) To deposit in Respondent Russell's personal checking account, as on November 9, 2007.

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- (c) As a purported 2006 third-quarter interest payment to other investors, as on November 20, 2006.
- (d) To make personal credit card purchases for Respondent Russell, as on December 4, 2006.
- (e) To pay for Respondent Capital Management's office rent, as on December 5, 2006.

Sale of Unregistered Securities to PO

- 64. That Section 7 of the Act provides, *inter alia*, that all investment fund shares except those set forth under Section 2a of the Act, or those exempt under Section 3 of the Act or those offered or sold in transactions exempt under Section 4 of the Act, or face amount certificates required to be registered under Section 6 of the Act, shall be registered either by coordination or by qualification, prior to their offer or sale in the State of Illinois.
- 65. The offer and sale of Income Fund by Respondents Russell and Capital Management to Investor PO constituted the Offer and Sale of an Investment Fund, and therefore a Security as the terms "security," "offer," and "sale" are defined in Sections 2.1, 2.5 and 2.5a of the Act.
- 66. That the investment fund shares issued by Income Fund to PO were not and are not registered under Section 5 or Section 7 of the Act, and there are also no filings under Section 2a or Section 6 of the Act.

**Unregistered Investment Advisers
And Investment Adviser Representative**

- 67. The acts of Respondents Russell and Capital Management as described above in regards to Investors JH, DM, and PO, constituted acting as investment advisers, as the term "investment adviser" is defined in Section 2.11 of the Act
- 68. Between July 2006 through at least October 31, 2007 Respondents Russell and Capital Management never filed an application with the Secretary of State as investment advisers, they were not and never became registered with the Secretary of State as investment advisers in the State of Illinois.

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WHEREAS the Conclusions of Law concerning Respondents Ralph W Russell and Russell Capital Management LLC are deemed correct and are hereby adopted as the Conclusions of Law of the Secretary of State.

1. JH defrauded:
 - a. Each misrepresentation by Respondents Russell and Capital Management that the monies Investor JH designated to be invested in the fictitious Income Fund, were invested in that fund;
 - b. Each misrepresentation by Respondents Russell and Capital Management to Investor JH that the fictitious Income Fund was a bona fide Investment Fund, and capable of generating a 12% return;
 - c. Each misrepresentation by Respondents Russell and Capital Management to Investor JH that the 15%+ Investment was bona fide, and capable of producing the promised rates of return;
 - d. Each misrepresentation by Respondents Russell and Capital Management to Investor JH hat the 15%+ Investment was bona fide, and was backed by Russell's Life Settlements production;
 - e. Each use by Respondent Russell of monies Investor JH designated to be invested in the fictitious Income Fund, to pay Russell's personal expenses,
 - f. Each use by Respondents Russell and Capital Management of monies Investor JH designated to be invested in the fictitious Income Fund, to repay Principal amounts due to another investor;
 - g. Each use by Respondent Russell of monies Investor JH designated to be invested in the fictitious Income Fund, to write checks to Russell's wife;
 - h. Each use by Respondent Russell of monies Investor JH designated to be invested in the fictitious 15%+ Investment, for Russell's personal expenses;
 - i. Each use by Respondents Russell and Capital Management of the monies Investor JH designated to be invested in the fictitious 15%+ Investment, to pay Capital Management's office rent;

--- was [the following]:

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- (1) A transaction, practice, or course of business in which Respondents Russell and Capital Management engaged in connection with the sale or purchase of securities that worked or tended to work a fraud or deceit upon Investor JH, each in violation of Section 12.F of the Act.
- (2) A way used by Respondents Russell and Capital Management to obtain money from Investor JH 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 not misleading, in the light of the circumstances in which the statements were made by Respondents, each in violation of Section 12.G of the Act.
- (3) A device, scheme, or artifice used by Respondents Russell and Capital Management in connection with the sale or purchase of securities, that worked or tended to work a fraud or deceit upon Investor JH, each in violation of Section 12.I of the Act.
- (4) A device, scheme, or artifice used by Respondents Russell and Capital Management to defraud their investment advisory client JH, each in violation of Section 12.J(1) of the Act.
- (5) A transaction, practice, or course of business engaged in by Respondents Russell and Capital Management, that operated as a fraud or deceit upon their investment advisory client JH, each in violation of Section 12.J(2) of the Act.
- (6) An act, practice, or course of business engaged in by Respondents Russell and Capital Management, upon their investment advisory client JH, that was fraudulent, deceptive, and manipulative, each in violation of Section 12.J(3) of the Act.

2. DM defrauded:

- a. Each misrepresentation by Respondents Russell and Capital Management that the monies Investor DM designated to be invested in the fictitious Management Fund, were invested in that fund,
- b. Each misrepresentation by Respondents Russell and Capital Management to Investor DM that the fictitious Management Fund was a bona fide Investment Fund, and capable of generating a return,

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- c. Each use by Respondent Russell of monies Investor DM designated to be invested in the fictitious Management Fund, to pay Russell's personal expenses;
- d. Each use by Respondents Russell and Capital Management of monies Investor DM designated to be invested in the fictitious Management Fund, to repay Principal amounts due to another investor;
- e. Each use by Respondent Russell of monies Investor DM designated to be invested in the fictitious Management Fund, to write checks to Russell's wife,

--- was [the following].

- (1) A transaction, practice, or course of business in which Respondents Russell and Capital Management engaged in connection with the sale or purchase of securities that worked or tended to work a fraud or deceit upon Investor DM, each in violation of Section 12.F of the Act.
- (2) A way used by Respondents Russell and Capital Management to obtain money from Investor DM 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 not misleading, in the light of the circumstances in which the statements were made by Respondents, each in violation of Section 12.G of the Act.
- (3) A device, scheme, or artifice used by Respondents Russell and Capital Management in connection with the sale or purchase of securities, that worked or tended to work a fraud or deceit upon Investor DM, each in violation of Section 12.I of the Act.
- (4) A device, scheme, or artifice used by Respondents Russell and Capital Management to defraud their investment advisory client, Investor DM, each in violation of Section 12.J(1) of the Act.
- (5) A transaction, practice, or course of business engaged in by Respondents Russell and Capital Management, that operated as a fraud or deceit upon their investment advisory client, Investor DM, each in violation of Section 12.J(2) of the Act.

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- (6) An act, practice, or course of business engaged in by Respondents Russell and Capital Management, upon their investment advisory client, Investor DM, that was fraudulent, deceptive, and manipulative, each in violation of Section 12.J(3) of the Act.

3 PO defrauded.

- a. Each misrepresentation by Respondents Russell and Capital Management that the monies Investor PO designated to be invested in the fictitious Income Fund, were invested in that fund;
- b. Each misrepresentation by Respondents Russell and Capital Management to Investor PO that the fictitious Income Fund was a bona fide Investment Fund, and capable of generating a 12% return;
- c. Each use by Respondent Russell of monies Investor PO designated to be invested in the fictitious Income Fund, to pay Russell's personal expenses;
- d. Each use by Respondents Russell and Capital Management of monies Investor PO designated to be invested in the fictitious Income Fund, to repay Principal amounts due to another investor;
- e. Each use by Respondent Russell of monies Investor PO designated to be invested in the fictitious Income Fund, to write checks to Russell's wife;
- f. Each use by Respondents Russell and Capital Management of the monies Investor PO designated to be invested in the fictitious Income Fund, to pay Capital Management's office rent,

---was the following

- (1) A transaction, practice, or course of business in which Respondents Russell and Capital Management engaged in connection with the sale or purchase of securities that worked or tended to work a fraud or deceit upon Investor PO, each in violation of Section 12.F of the Act.
- (2) A way used by Respondents Russell and Capital Management to obtain money from Investor PO 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 not

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misleading, in the light of the circumstances in which the statements were made by Respondents, each in violation of Section 12 G of the Act

- (3) A device, scheme, or artifice used by Respondents Russell and Capital Management in connection with the sale or purchase of securities, that worked or tended to work a fraud or deceit upon Investor PO, each in violation of Section 12.I of the Act.
- (4) A device, scheme, or artifice used by Respondents Russell and Capital Management to defraud their investment advisory client, Investor PO, each in violation of Section 12.J(1) of the Act.
- (5) A transaction, practice, or course of business engaged in by Respondents Russell and Capital Management, that operated as a fraud or deceit upon their investment advisory client, Investor PO, each in violation of Section 12.J(2) of the Act.
- (6) An act, practice, or course of business engaged in by Respondents Russell and Capital Management, upon their investment advisory client, Investor PO, that was fraudulent, deceptive, and manipulative, each in violation of Section 12.J(3) of the Act.

Violations of Unregistered Investment Adviser/IAR

4. Each occasion on which Respondent Russell acted as an investment adviser representative on behalf of Respondent Capital Management without complying with the investment adviser representative registration requirements of Section 8 of the Act, was a separate violation of Section 12 A of the Act, by Respondent Russell.
5. Each occasion on which Respondent Russell acted as an investment adviser on behalf of Respondent Capital Management without complying with the investment adviser representative registration requirements of Section 8 of the Act, was a separate violation of Section 12.A of the Act, by Respondent Capital Management.
6. Each day Respondent Russell failed to file an application with the Secretary of State to register as an investment adviser representative as required by section 8 of the Act, was a separate violation of Section 12.D of the Act.
7. Each day Respondent Capital Management failed to file an application with the Secretary of State on behalf of Russell to register as an investment

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adviser as required by section 8 of the Act, was a separate violation of Section 12.D of the Act.

Unlawful Sale of Unregistered Sale of Securities to JH

8. Each occasion on which Respondents Russell and Capital Management sold shares of Income Fund to JH without complying with the registration requirements of Section 5 or Section 7 of the Act, was a separate violation of Section 12.A of the Act.
9. Each occasion on which Respondents Russell and Capital Management sold shares of Income Fund to JH without complying with the registration requirements of Section 5 or Section 7 of the Act, was a separate violation of Section 12.D of the Act.
10. Each occasion on which Respondents Russell and Capital Management sold shares of the 15%+ Investment to JH without complying with the registration requirements of Sections 5, 6, or 7 of the Act, was a separate violation of Section 12.A of the Act
11. Each occasion on which Respondents Russell and Capital Management sold shares of 15%+ Investment to JH without complying with the registration requirements of Sections 5, 6, or 7 of the Act, was a separate violation of Section 12.D of the Act.

Unlawful Sale of Securities to DM

12. Each occasion on which Respondents Russell and Capital Management sold shares of Management Fund to DM without complying with the registration requirements of Section 5 or Section 7 of the Act, was a separate violation of Section 12.A of the Act.
13. Each occasion on which Respondents Russell and Capital Management sold shares of Management Fund to DM without complying with the registration requirements of Section 5 or Section 7 of the Act, was a separate violation of Section 12.D of the Act.

Unlawful Sale of Unregistered Shares to PO

14. Each occasion on which Respondents Russell and Capital Management sold shares of Income Fund to PO without complying with the registration requirements of Section 5 or Section 7 of the Act, was a separate violation of Section 12.A of the Act.
15. Each occasion on which Respondents Russell and Capital Management sold shares of Income Fund to PO without complying with the registration

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requirements of Section 5 or Section 7 of the Act, was a separate violation of Section 12.D of the Act.

WHEREAS; Respondent Ralph W. Russell has committed multiple violations of Section 12, including 12.A, 12.D, 12.F, 12.G, 12.I, and 12.J(1), (2) and (3) of the Act

WHEREFORE Respondent Ralph W. Russell is hereby and henceforth PROHIBITED From acting as a Salesperson and/or Investment Adviser, or Investment Adviser Representative or engaging in any business thereof, and from offering or selling securities, or engaging in any business thereof pursuant to Section 11.2 of the Act.

NOW THEREFORE, IT SHALL BE AND IS ORDERED THAT:

1. Respondent Ralph W. Russell, his affiliates, employees, successors and assigns, is permanently **PROHIBITED** from offering or selling securities in the State of Illinois.
2. Respondent RWR Capital Management, LLC, their affiliates, employees, successors and assigns, is permanently **PROHIBITED** from offering or selling securities in the State of Illinois.
3. Respondent Ralph W. Russell, his affiliates, employees, successors and assigns, is permanently **PROHIBITED** from acting as an investment adviser or investment adviser representative in the State of Illinois.
4. Respondent RWR Capital Management, LLC, their affiliates, employees, successors and assigns, is permanently **PROHIBITED** from acting as an investment adviser in the State of Illinois.

Dated: This 7th day of August 2013.



JESSE WHITE
Secretary of State
State of Illinois

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Attorney for the Secretary of State:

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