

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: FRANK E. BRICKELL

) File No. 1300385
)

ORDER OF REVOCATION

TO THE RESPONDENT: Frank E. Brickell (CRD# 3257725)
 World Trade Financial Corp.
 2425 Camino Del Rio South
 Suite 200
 San Diego, CA 92110

WHEREAS, on March 19, 2014, Jon K. Ellis, Hearing Officer for the Illinois Secretary of State Department of Securities (the "Department"), held a hearing pursuant to Section 11 .F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130 Subpart K, (the "Code") to determine whether an Order should be entered pursuant to Sections 8.E(1)(j) and 11 of the Act, suspending or revoking Respondent's salesperson registration in the State of Illinois, and/or granting such other relief as may be authorized under the Act.

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, Conclusions of Law and the Recommendation of the Hearing Officer in the above-captioned matter have been read and examined.

WHEREAS, the Respondent failed to file an Answer to the allegations set forth in the Notice of Hearing, served on or about November 18, 2013, as instructed by the Notice and as is required by Section 130.1104 of the Code.

WHEREAS, the Respondent presented no evidence, and did not appear in person or by counsel at the hearing.

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

1. At all times relevant hereto, Respondent was registered as a salesperson in the State of Illinois pursuant to Section 8 of the Act.

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2. The Financial Industry Regulatory Authority (FINRA) is a private, non-governmental organization that is registered with the United States Securities and Exchange Commission as a self-regulatory organization pursuant to the Securities Exchange Act of 1934.
3. At all times relevant hereto, Respondent was FINRA-registered and a principal of, and a Chief Compliance Officer for, World Trade Financial Corp. (WTFC), a FINRA-registered firm.
4. On March 8, 2013, FINRA entered a Letter of Acceptance, Waiver and Consent (AWC) submitted by Respondent and others regarding File No. 2010022543701, which sanctioned Respondent as follows:
 - a. fined \$40,000; and
 - b. suspended from association with any FINRA member in any capacity for nine months.
5. The FINRA suspension is effective from August 9, 2013 through May 8, 2014.
6. By signing the AWC, Respondent accepted FINRA's findings of fact.
 - a. Between March 2009 and August 2011, WTFC, acting through Respondent, used the means and instruments of interstate commerce to effect, as agent in the account of a sole proprietor Customer, sales of approximately 27.8 billion shares of common stock, at penny and sub-penny prices, of at least 12 issuers for which no registration statement was in effect pursuant to Section 5 of the Securities Act of 1933. The subject transactions resulted in approximately \$60.2 million in proceeds. The securities and transactions were not otherwise exempt from registration.
 - b. Neither WTFC nor Respondent conducted a searching inquiry into such facts as the history of the issuers of the stock, each of whom consisted of a little known company with short operating history and thinly traded stock. WTFC and Respondent also failed to conduct a searching inquiry regarding the source of shares that the Customer acquired from third parties. WTFC and Respondent also ignored red flags indicating that the Customer was engaging in the unlawful distribution of securities. WTFC, acting through Respondent and others, failed to establish, maintain, and enforce adequate supervisory procedures relating to unregistered sales of restricted securities.
 - c. WTFC, acting through Respondent (after he was designated the Anti-Money Laundering Compliance Officer), failed to establish and maintain a system

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reasonably designed to monitor for, detect, and investigate suspicious activity to determine whether WTFC was required to file a Suspicious Activity Report.

7. Respondent also acknowledged the following violations:
 - a. NASD Rule 3010, requiring the establishment of a supervisory system and adoption of adequate Written Supervisory Policies and Procedures;
 - b. FINRA Rule 2010, requiring members to comply with the efforts of FINRA staff conducting an investigation; and
 - c. FINRA Rule 3310, requiring members to develop and implement a written anti-money laundering program reasonably designed to achieve and monitor the member's compliance with the requirements of the Bank Secrecy Act (31 U.S.C. 5311, *et seq.*), and the implementing regulations promulgated thereunder by the Department of the Treasury.
8. Respondent's disciplinary history includes a January 6, 2012 decision (Admin. Proc. File No. 3-14307) by the Securities and Exchange Commission, upholding a May 12, 2009 FINRA Hearing Panel decision (Disciplinary Proceeding No. 2005000075703) that fined Respondent in the amount of \$15,000 and suspended him for 30 days from association with any FINRA member in any capacity. FINRA alleged that Respondent, WTFC, and others engaged in the unregistered sale of 2.3 million shares of a thinly traded penny stock between December 2004 and March 2005. An appeal is currently pending in the Ninth Circuit Court of Appeals and the sanctions are not in effect.
9. Section 8.E(1)(j) of the Act provides, *inter alia*, that the registration of a salesperson may be suspended or revoked if the Secretary of State finds that such salesperson has had membership in or association with any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act suspended, revoked, refused, expelled, cancelled, barred, limited in any capacity, or otherwise adversely affected in a similar manner 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 11 of the Act provides, *inter alia*, that the Secretary of State may suspend or revoke the registration of a salesperson after an opportunity for hearing upon not less than 10 days notice given by personal service or registered mail or certified mail, return receipt requested, to the person or persons concerned. Such notice shall state the date and time and place of the hearing and shall contain a brief statement of the proposed action of the Secretary of State and the grounds for the proposed action. A failure to appear at the hearing or otherwise respond to the allegations set forth in the

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notice of hearing shall constitute an admission of any facts alleged therein and shall constitute sufficient basis to enter an order.

11. By virtue of the foregoing, Respondent has violated Section 8.E(1)(j) of the Act and is subject to an order which revokes the Respondent's registration as a salesperson of securities in the State of Illinois pursuant to Sections 8.E(1)(j) and 11 of the Act.
12. The entry of a final written order of revocation is proper in this Matter, given the conduct of the Respondent as described in Secretary of State Exhibit Nos. 1 through 6.

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

1. The actions, representations, and/or omissions of the Respondent when acting as a registered salesperson as detailed in the March 8, 2013 FINRA AWC File No. 2010022543701 are violations of Section 8.E of the Act.
2. Because of the findings of this Order and the Exhibits admitted as Secretary of State Exhibit Nos. 1 through 6, the Respondent is subject to the entry of a final written Order that revokes the Respondent's registration as a salesperson of securities in the State of Illinois pursuant to Sections 8.E(1)(j) and 11 of the Act, and grants such other relief as may be authorized under the Act.

WHEREAS, the following proposed Conclusion of Law of the Hearing Officer is rejected:

1. The actions, representations, and/or omissions of the Respondent when acting as a registered salesperson as detailed in the May 12, 2009 FINRA Disciplinary Proceeding No. 2005000075703 Amended Extended Hearing Panel Decision and the March 3, 2011 FINRA Decision for Complaint No. 2005000075703 are violations of Section 8.E of the Act.

WHEREAS, the Hearing Officer recommends that a written Final Order be entered pursuant to Sections 8.E and 11 of the Act that revokes the Respondent's registration as a salesperson of securities in the State of Illinois.


WHEREAS, the proposed Recommendation of the Hearing Officer is adopted by the Secretary of State.

NOW THEREFORE IT IS HEREBY ORDERED: That pursuant to the foregoing Findings of Fact, Conclusions of Law, and the Recommendation of the Hearing Officer, the Respondent's registration as a salesperson in the State of Illinois is hereby REVOKED.

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ENTERED: This 7th day of April, 2014



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 for each offense.

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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