

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: JAMES J. MCATEE

File No. 1200385

AMENDED CONSENT ORDER

TO THE RESPONDENT: James J. McAtee CRD # 1849847
 c/o Charles J. Risch, Attorney at Law
 Lawrence, Kamin, Saunders & Uhlenhop, LLC
 300 S. Wacker Dr., Suite 500
 Chicago, IL 60606

WHEREAS, the Illinois Securities Department issued a Consent Order in this matter dated October 20, 2014.

WHEREAS, the Enforcement Division has recommended that the Consent Order be vacated and the following Amended Consent Order be issued.

WHEREAS, the Respondent, James J. McAtee, on October 20, 2014 executed a certain Stipulation to Entry of Consent Order (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, the Respondent has admitted to the jurisdiction of the Secretary of State, service of the Notice of Hearing in this matter, and consented to the entry of this Consent Order.

WHEREAS, the Secretary of State, by and through his designated representative, the Securities Director, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceeding.

WHEREAS, the Respondent has acknowledged that the allegations contained in paragraph VII of the Stipulation shall be adopted as the Secretary of State's Findings of Fact as follows:

1. James J. McAtee is an individual, conducting business at McAtee Financial Centre, One Ashland Avenue, Mount Zion, Illinois 62549.

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2. Respondent was registered as a securities salesperson and an investment adviser representative for LPL Financial LLC in the State of Illinois pursuant to Section 8 of the Act, from September 08, 2009 and September 07, 2012, respectively, until, on or about, October 3, 2014.
3. The Department began an on-site compliance audit of Respondent on June 12, 2012, pursuant to Sec. 8.I of the Act.
4. The Department found that Respondent had solicited and completed a large number of variable annuity exchange transactions with significant surrender charges. Many of the clients were senior citizens.
5. Respondent was a top producer of annuity exchanges for LPL Financial with, at least, fifty-eight (58) transactions resulting in surrender fees of over one thousand dollars (\$1,000), over a 2.6 year period between April 2010 and November 2012.
6. Documents signed by clients and maintained on file in connection with certain variable annuity exchange transactions were incomplete and/or contained inaccurate information, resulting in a failure to provide clients and LPL Financial with complete information for transactions which resulted in commissions for the Respondent.
7. Furthermore, Respondent failed to adequately maintain books and records by failing to fully document the bases for certain variable annuity exchange recommendations.
8. Respondent's conduct in connection with certain variable annuity exchange transactions constitutes cause to impose sanctions pursuant to Sections 8.E.1(g) and (q) of the Act and violates Section 12.A of the Act.
9. Section 8.E.1(g) provides, *inter alia*, that the registration of a salesperson or investment adviser representative may be suspended or revoked if the Secretary of State finds that the salesperson or investment adviser representative has violated any provision of the Act.
10. Section 8.E.1(q) provides, *inter alia*, that the registration of a salesperson or investment adviser representative may be suspended or revoked if the Secretary of State finds that the salesperson or investment adviser representative has failed to maintain the books and records required under the Act or rules or regulations promulgated under the Act.
11. Section 12.A of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to offer or sell any security except in accordance with the provisions of the Act.
12. Section 11.E(4) of the Act provides, *inter alia*, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule,

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regulation, or order; issue an order of censure; and charge all reasonable expenses as costs of investigation.

13. Section 11.F(1) of the Act provides, *inter alia*, that the Secretary of State may suspend or revoke the registration of a salesperson or investment adviser representative, prohibit or suspend any person from offering or selling any securities in this State, prohibit or suspend a person from acting as an investment adviser representative, impose any fine for violation for this Act, or issue an order of public censure after an opportunity for hearing.

WHEREAS, the Respondent has acknowledged that the allegations contained in paragraph VIII of the Stipulation shall be adopted as the Secretary of State's Conclusions of Law as follows:

14. By virtue of the foregoing, Respondent's registration is subject to suspension or revocation pursuant to Sections 8.E.1(g) and (q) of the Act.
15. By virtue of the foregoing, Respondent has violated section 12.A of the Act.
16. By virtue of the foregoing, Respondent may be prohibited or suspended from offering or selling any securities in this State, fined, and censured pursuant to Section 11 of the Act.


NOW THEREFORE IT IS HEREBY ORDERED THAT:

17. The allegations contained in Paragraphs VII and VIII of the Stipulation shall be and are hereby adopted as the Secretary of State's Findings of Fact and Conclusions of Law.
18. The registration of Respondent, James J. McAtee, as a salesperson and investment adviser representative will be suspended for a period of forty-five (45) days to begin on November 17, 2014 (the "Suspension Period").
19. Respondent, James J. McAtee, will be prohibited from participation in variable annuity transactions, including participation in the offer or sale of any variable annuities and participation in recommendations to exchange any variable annuity, for a period of nine months immediately consecutive to the Suspension Period (the "Prohibition Period").
20. Prior to the start of the Suspension Period, Respondent, James J. McAtee, will refrain from any securities-related activities, other than that which is necessary to transfer client accounts.
21. Respondent, James J. McAtee, will make a monetary payment in the amount of ten thousand dollars (\$10,000) to the Illinois Secretary of State for deposit in the Securities Audit and Enforcement Fund. The check will, within ten business days of entry of the Consent Order, be mailed to the Illinois Securities Department, 300 W. Jefferson St., Suite 300A, Springfield, Illinois 62702.

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22. Respondent, James J. McAtee, is Censured.
23. Respondent, James J. McAtee, will cease and desist from conduct in violation of the Act.
24. Respondent, James J. McAtee, will comply with all other terms and conditions set forth in the Stipulation.
25. The Department will retain jurisdiction over this proceeding for the sole purpose of enforcing the terms and provisions stated herein.
26. The formal hearing scheduled on this matter is hereby dismissed without further proceeding.
27. The Consent Order entered on October 20, 2014 in this matter is hereby vacated.

ENTERED: This 23rd day of February, 2015 



Jesse White
Secretary of State
State of Illinois

Attorneys for the Secretary of State:

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