

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

IN THE MATTER OF: STEVE TRACY

)
)
)
FILE NO. C1200148

ORDER OF PROHIBITION

TO THE RESPONDENT: STEVE TRACY (CRD# 1648245)
746 Hinsdale Avenue
Hinsdale, Illinois 60521

WHEREAS, the above-captioned matter came to be heard on December 1, 2015, pursuant to the Notice of Hearing dated September 11, 2015, 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, James L. Kopecky, Esq., in the above-captioned matter have been read and examined.

WHEREAS, the proposed Findings of Fact of the Hearing Officer concerning Respondent Steve Tracy are correct in part and incorrect in part and are hereby adopted as modified as the Findings of Fact of the Secretary of State:

1. Respondent Steve Tracy ("Respondent Tracy") engages in the business of providing investment advisory services to the general public. His last known address is 746 Hinsdale Avenue, Hinsdale, Illinois 60521.
2. Respondent Tracy was registered in the State of Illinois as an investment adviser representative from July 28, 2006 through April 11, 2008,
3. Between July 2011 and August 2011, when no longer a registered in the State of Illinois as an Investment Adviser Representative, Respondent provided

ORDER OF PROHIBITION

2

investment advisory services when not in compliance with the filing requirements of Section 8 of the Act.

4. On or about July 26, 2011, Investor NK entered into a "interest rate consulting agreement for professional investors" whereby Respondent Tracy agreed to "advise and manage an interest rate strategy" of funds designated by Investor NK.
5. In or around August 2011, Respondent Tracy traded options in Investor NK's Scottrade account resulting in a loss of approximately \$12,043.00 in one month.
6. The activities described above, constitute the activities of an Investment Adviser and/or Investment Adviser Representative as defined in Sections 2.11 and 2.12b of the Act.
7. That Section 8.A of the Act, states inter alia, that except as provided otherwise, every investment adviser and investment adviser representative shall be registered as such with the Secretary of State.
8. Section 12.D of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the Act for any person to "fail to file with the Secretary of State any application, report or document under the provisions of this Act or any rule or regulation made by the Secretary of State pursuant to this Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof".
9. The Respondent Tracy failed to file with the Secretary of State applications for registration as required by the Act:
 - a) failed to file an application for registration as an Investment Adviser pursuant to Section 8.D, or to notice file pursuant to Section 8.C-5 of the Act.
10. That Section 130.839 of the Rules of the Act provides, inter alia, that:
 - a) Effective October 1, 2002, each new applicant filing as an investment adviser or federal covered investment adviser shall file with the NASD, utilizing the IARD, a complete Form U-4 for each investment adviser representative and pay the filing fee specified in Section 130.110 of this Part.
 - b) For purposes of the annual re-registration of investment adviser representatives, each investment adviser and federal covered investment adviser shall file with the NASD, utilizing the IARD, and pay the filing fee specified in Section 130.110 of this Part.

ORDER OF PROHIBITION

3

11. Respondent Tracy failed to file a complete U-4 for each Investment Adviser Representative and to pay the filing fee as specified in Section 130.110.
12. The Department has searched its Records and the Department has found no record of Registration for Respondent as an investment adviser in the State of Illinois, in accordance with the registration requirements of the Act.

WHEREAS, the Secretary of State finds the proposed Conclusions of Law of the Hearing Officer to be correct in part and incorrect in part and are hereby adopted as modified, based on the law and the record in this matter, and adopts them as the Conclusions of Law of the Secretary of State:

1. The Department served Respondent Tracy with the Notice of Hearing.
2. The Notice of Hearing included the information required under Section 1102 of the Code.
3. The Secretary of State has jurisdiction over the subject matter pursuant to the Act.
4. Because of Respondent's failure to file a timely answer, make a special appearance or other responsive pleading in accordance with Section 1104:
 - (a) the allegations contained in the Notice of Hearing are deemed admitted;
 - (b) Respondent waived his right to a hearing;
 - (c) Respondent is subject to an Order of Default.
5. Because Respondent Tracy failed to appear at the time and place set for hearing, in accordance with Section 1109, he:
 - (a) waived his right to present evidence, argue, object or cross-examine witnesses; or
 - (b) otherwise participate at the hearing.
6. The activities of Respondent Tracy constituted the activities of an investment advisor and/or investment advisor representative as defined at Section 2.12b of the Act."
7. Section 12.C of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, (the "Act") states that it shall be a violation of the provisions of this Act for any person to "act as a dealer, salesperson, investment adviser, or investment adviser

ORDER OF PROHIBITION

4

representative, unless registered as such, where such registration is required, under the provisions of this Act.”

8. Section 8.A of the Act provides, inter alia, that except as otherwise provided, every dealer, limited Canadian dealer, salesperson investment adviser, and investment adviser representative shall be registered as such with the Secretary of State.
9. By virtue of the foregoing, Respondent Tracy violated 12.C of the Act.
10. That by virtue of the foregoing, the Respondents have committed a violation of Section 12.D of the Act.
11. That Section 11.E(3) of the Act provides, inter alia, that if the Secretary of State shall find that any person is acting or has acted as an investment adviser or investment adviser representative, without prior thereto and at the time thereof having complied with the registration or notice filing requirements of this Act, the Secretary of State may by written order prohibit or suspend the person from acting as an investment adviser or investment adviser representative, in this State.
13. That by virtue of the foregoing, the Respondent is subject to the entry of an order prohibiting or suspending it from acting as an investment adviser or investment adviser representative in the State of Illinois.
14. The activities of Respondent Tracy constituted the activities of an investment advisor and/or investment advisor representative as defined at Section 2.12b of the Act.

WHEREAS, the Hearing Officer recommended that:

1. An Order of Default be entered against Respondent Tracy and that the facts alleged in the Notice of Hearing be deemed admitted.
2. An Order be entered against Respondent Tracy in the form of a permanent order of prohibition against Tracy prohibiting from acting as an Investment Advisor in the State of Illinois.
3. An Order be entered against Respondent Tracy imposing a fine of \$10,000.00.

WHEREAS, the Hearing Officer found the Respondents in default and recommended that the Secretary of State PROHIBIT Respondent Steve Tracy from acting as an Investment Advisor in the State of Illinois; and the Department accepts the recommendation of the Hearing Officer.

ORDER OF PROHIBITION

5

WHEREAS, the Secretary of State accepts the Recommendations of the Hearing Officer and has determined based upon the Findings of Fact and Conclusions of Law that an Order shall be entered permanently **PROHIBITING** Respondent Steve Tracy from acting as an Investment Advisor in the State of Illinois.

NOW THEREFORE, IT SHALL BE AND IS HEREBY ORDERED THAT:

1. Steve Tracy is **PROHIBITED** from acting as an Investment Advisor in the State of Illinois;
2. Steve Tracy is **FINED** in the amount of \$10,000.00.

ENTERED: This 16th day of March 2016.



JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:
Felicia H. Simmons-Stovall
Office of the Secretary of State
Illinois Securities Department
69 West Washington Street, Suite 1220
Chicago, Illinois 60602
Telephone: (312) 793-3384

Hearing Officer:
James L. Kopecky, Esq.
203 N. LaSalle Street, Suite 1620
Chicago, Illinois 60601
(312) 380-6552