

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF: BEARD FINANCIAL SERVICES, INC. ) File No. 1600699  
CRD # 113913 )

CONSENT ORDER

**TO THE RESPONDENT:** Beard Financial Services, Inc.  
Attn: James Rafoth  
108 West Western Reserve Road  
Youngstown, OH 44514

WHEREAS, Beard Financial Services, Inc., on November 4, 2016, 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 and service of the Notice of Hearing in this matter and the Respondent has 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. Respondent, Beard Financial Services, Inc., has a last known address at 108 West Western Reserve Road in Youngstown Ohio.
2. James Rafoth (CRD # 2243194) is president of Respondent.
3. Respondent was registered as a dealer in Illinois from May 10, 2002 to December 31, 2015.
4. After December 31, 2015, Respondent remained registered as a dealer in Ohio and several other states.
5. On July 27, 2016, Respondent re-applied for registration as a dealer in Illinois pursuant to Section 8 of the Illinois Securities Law 815 ILCS 5/1 *et seq.* (the "Act").

Consent Order

-2-

6. On or about January 4, 2016, Respondent, by and through James Rafoth, engaged in the sale of securities on behalf of a customer residing in Illinois.
7. James Rafoth was not registered as a salesperson in Illinois at the time of the transactions.
8. The above-mentioned activities constitute the activities of a dealer and salesperson as those terms are defined pursuant to Sections 2.7 and 2.9 of the Act.
9. Section 8.A of the Act provides, *inter alia*, that all dealers and salespersons, except as otherwise provided, shall be registered with the Secretary of State.
10. Section 8.E(1)(e)(ii) of the Act provides, *inter alia*, the registration of a dealer may be denied, suspended, or revoked if the Secretary of State finds that such dealer has offered or sold securities through a salesperson other than a registered salesperson.
11. Section 8.E(1)(g) of the Act provides, *inter alia*, that the registration of a dealer or salesperson may be denied, suspended, or revoked if the dealer or salesperson has violated any provisions of the act.
12. Section 12.A of the Act states *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.
13. Section 12.C of the Act states *inter alia* that it shall be a violation to act as a dealer or salesperson unless registered as such, where registration is required under the provisions of the Act.
14. Section 11.E(3) of the Act provides, *inter alia*, that the Secretary of State, after finding that any person has engaged in the business of selling or offering for sale securities as a dealer or salesperson without having complied with the registration requirements of the Act, may prohibit or suspend the person from engaging in the business of selling or offering for sale securities.
15. Section 11.E(4) of the Act provides, *inter alia*, that the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act, may issue an order of public censure against the violator, and may charge as costs of investigation all reasonable expenses, including attorney's fees and witness fees.

Consent Order

-3-


WHEREAS, the Respondents have acknowledged that the allegations contained in paragraph eight (8) of the Stipulation shall be adopted as the Secretary of State's Conclusions of Law as follows:

16. By virtue of the foregoing, Respondent has violated Sections 12.A and 12.C of the Act, and is subject to sanctions pursuant to Sections 8 and 11 of the Act.
17. By virtue of the foregoing, Respondent is subject to a fine, an order of censure, an order of denial pursuant to Section 8 of the Act, and an order that suspends or revokes its registration in the State of Illinois pursuant to Section 11 of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT:

18. The allegations contained in paragraphs seven (VII) and eight (VIII) of the Stipulation shall be and are hereby adopted as the Secretary of State's Findings of Fact and Conclusions of Law.
19. Respondent is hereby Censured.
20. Respondent acknowledges and agrees that Respondent will make a monetary payment, within ten business days of the entry of the Consent Order, in the amount of five thousand dollars (\$5,000) to the Illinois Secretary of State for deposit in Securities Audit and Enforcement Fund. The payment will be mailed to the Illinois Securities Department, 421 E. Capitol Ave., 2<sup>nd</sup> Fl., Springfield, IL 62701;
21. Respondent shall not conduct activities as a dealer or allow a salesperson to conduct activities in the State of Illinois until becoming duly registered as such with the Secretary of State.
22. The formal hearing scheduled on this matter is hereby dismissed without further proceeding.

ENTERED: This *4<sup>th</sup>* day of *November*, 2016.

  
JESSE WHITE  
Secretary of State

Consent Order

-4-

Attorney for the Secretary of State:  
Thomas M. Hoffmann  
Illinois Securities Department  
421 East Capitol Avenue, 2<sup>nd</sup> Floor  
Springfield, IL 62701  
Telephone: (217) 785-7368