

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

IN THE MATTER OF: TYLER OLSON (CRD NO. 4956662) and
LAWRENCE OLSON (CRD NO. 2084501)

File No. 1300447

ORDER OF CENSURE AND FINE

TO THE RESPONDENTS:

Tyler Olson
c/o James A. McGurk, Esq.
Law Offices of James A. McGurk, P.C.
10 S. LaSalle St., Ste. 3300
Chicago, IL 60603

Lawrence Olson
c/o James A. McGurk, Esq.
Law Offices of James A. McGurk, P.C.
10 S. LaSalle St., Ste. 3300
Chicago, IL 60603

WHEREAS, on September 21, 2016, Jon K. Ellis, Hearing Officer for the Illinois Secretary of State Department of Securities (the "Illinois Securities 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 "Regulations") to determine whether an Order should be entered granting such relief as may be authorized under the Act.

WHEREAS, the proposed Findings of Facts, Conclusions of Law, and the Recommendations of the Hearing Officer in the above-captioned matter have been read and examined.

WHEREAS, pursuant to the evidence and testimony presented at the hearing and made part of the Record, the Secretary of State hereby adopts the Findings of Fact as stated below.

1. The Illinois Securities Department has jurisdiction over the parties herein and the subject matter dealt with herein, due and proper notice having been previously given as required by the Act and the Regulations thereunder.
2. PrimeSolutions Securities, Inc. ("PSSI") was a corporation with a principal place of business at 17601 West 130th Street, Suite 7 in Cleveland, Ohio.

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3. PSSI was registered as a dealer in Illinois from February 24, 2005 to November 12, 2015 and as an investment adviser in Illinois from April 11, 2013 to November 12, 2015.
4. PSSI was registered as a broker-dealer with the Financial Industry Regulatory Authority ("FINRA") from January 25, 1999 to December 9, 2015 and registered as a broker-dealer with the Securities and Exchange Commission ("SEC") from January 25, 1999 to January 11, 2016.
5. Respondent Tyler Olson is an individual who conducted business in the Chicago, Illinois branch offices of PSSI at 561 Diversey Parkway, Suite 202 and then at 329 West 18th Street, Suite 614 until November 10, 2015.
6. Respondent Tyler Olson was registered as a PSSI salesperson in Illinois from September 29, 2005 to December 31, 2008 and from January 19, 2011 to November 12, 2015. He was also registered as a PSSI investment adviser representative in Illinois from April 11, 2013 to November 12, 2015.
7. Respondent Tyler Olson was registered from May 10, 2005 to November 12, 2015 as a PSSI general securities representative with FINRA.
8. Respondent Lawrence Olson is an individual who is the father and former supervisor of Respondent Tyler Olson. Respondent Lawrence Olson conducted business in PSSI's Stevensville, Michigan branch office at 2551 Glenlord Road.
9. Respondent Lawrence Olson was PSSI's designated principal in Illinois. He was also registered as a PSSI salesperson in Illinois from April 21, 2005 to November 12, 2015 and registered as a PSSI investment adviser representative in Illinois from April 11, 2013 to November 12, 2015.
10. Respondent Lawrence Olson was registered as a PSSI general securities representative, financial and operations principal, and general securities principal with FINRA from April 21, 2005 to November 12, 2015. He was also registered as an operations professional with FINRA from December 14, 2011 to November 12, 2015.
11. As salespersons and investment adviser representatives registered in the State of Illinois with the Illinois Securities Department, Respondent Tyler Olson and Respondent Lawrence Olson were obligated to comply with all relevant securities laws, rules, and regulations regarding their sales practices, investment advisory services, and books and records as required by the Act, Regulations thereunder, and by the SEC and FINRA.
12. Additionally, as a result of his role as a designated principal and supervisor for the Illinois offices, Respondent Lawrence Olson was also obligated to enforce written supervisory procedures and ensure employee compliance with applicable securities laws, rules, and regulations.

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13. PSSI's written supervisory policy, dated October 23, 2013, included the following provisions:

- A. RRs [or Registered Representatives] must have a reasonable basis for believing that a recommended transaction or investment strategy involving a security is suitable for the customer. Recommendations should be based on information obtained through reasonable diligence to ascertain the customer's investment profile which is recorded in the account records, generally at the time the account is opened and updated when necessary.
- B. It is important to document suitability, particularly where there may be differing investment profiles when a customer has multiple accounts and when recommending a complex product.
- C. The designated supervisor is responsible for reviewing the suitability of recommendations. The responsibility includes: reviewing customer orders for suitability (i.e., reviewing customer new account information); reviewing suitability documentation recorded by the registered representative and pertaining to a recommended investment or strategy; conferring with the registered representative regarding suitability questions; and training registered representatives regarding suitability obligations.
- D. Documentation provides support for the RR and [The Firm] [sic] in the event of a future question about suitability, either from a regulator or in a civil (court or arbitration) context.
- E. Private placements and offerings [sic] are subject to strict requirements that are imposed on the issuer and those who sell the issue. The requirements for offering a specific private placement will be announced at the time the private placement becomes available for sale. It is important to understand and comply with the requirements for each offering.

14. PSSI's procedures included the following:

- A. PSSI documented customer investment profiles on New Account forms and Client Account and Profile forms (collectively or individually, the "customer profile forms"). The New Account forms included financial and investment objective information to determine, among other things, what securities to recommend to customers, including whether to recommend alternative investments and the amount of any such recommendation. Client Account and Profile forms updated the information found on New Account Forms.

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- B. Rationales for investment strategies and recommendations were documented on Agent Reports prepared by registered representatives for review by a designated securities principal with a Series 24 license.
15. At times relevant hereto, Respondent Tyler Olson recommended and effected alternative investment transactions to and for certain customers.
16. The Record included evidence of numerous documents, which were created and maintained as books and records by the Respondents for certain customer transactions, with errors and inconsistent information.
17. The errors and inconsistent information in the books and records included, but were not limited to, the following examples:
- A. Customer LW invested \$120,000 on October 18, 2011. Three documents completed on the same day provided inconsistent, contradictory information about Customer LW's assets.
- According to the Offeree Questionnaire, Customer LW's net worth (exclusive of the principal residence) was \$1,400,000.
 - According to the Securities Account Agreement, Customer LW's net worth was "\$1M-5M" and his liquid net worth was "\$500,000-1M."
 - However, according to the Agent Report, Customer LW's net worth was \$700,000 and his liquid net worth was \$400,000.
- B. Customers GD and MC invested \$37,000 between April and December of 2012 in four investments. On the four Agent Reports completed for the investments, the net worth provided for Customers GD and MC was erroneously calculated.
- The Subscription Agreements completed for the four investments required "confirmation" that the investor's net worth was calculated exclusive of the primary residence.
 - According to the Agent Report dated April 24, 2012 and three different Agent Reports dated December 13, 2012, the net worth of Customers GD and MC was reported as \$148,000.
 - However, according to the Client Agreement and Profile form, dated April 5, 2012, the reported \$148,000 net worth of Customers GD and MC included the value of their primary residence.

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C. Customer EK invested \$15,000 on October 7, 2011 and \$25,000 on June 29, 2012. For both investments, Customer EK's net worth and income were inconsistent with the applicable Subscription Agreement requirements and, consequently, the Subscription Agreements were erroneously completed.

- The Subscription Agreements completed for the two investments required "confirmation" that the investor's net worth (exclusive of the primary residence) was at least \$250,000 or \$70,000 with an annual income of \$70,000.
- However, according to the two Agent Reports completed for each investment and written statements in the Record, to the best of the Respondents' knowledge at that time, Customer EK had a net worth of \$123,000. Her income was \$28,000 as of March 3, 2006 (according to a New Account Information form) and \$50,000 as of March 2, 2013 (according to a Client Agreement and Profile form)
- There is no evidence in the Record that Customer EK ever had an income of \$70,000 or more.
- Furthermore, the Record included evidence that Respondent Tyler Olson and Respondent Lawrence Olson admitted that the referenced documents were inconsistent due to their error.

18. Section 130.1124 of the Rules provides that "... [t]he burden of proof is upon the Securities Department in all cases initiated by the Securities Department" and "[t]he standard of proof is a preponderance of the evidence."

19. Section 2.1 of the Act provides, *inter alia*, that "Security" means any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, viatical investment, investment fund share, face-amount certificate, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral lease, right or royalty, any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into, relating to foreign currency, or, in general, any interest or instrument commonly known as a "security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

20. Section 2.5 of the Act provides, *inter alia*, that "Sale" or "sell" shall have the full meaning of that term as applied by or accepted in the courts of this State, and shall include every contract of sale or disposition of a security or interest in a security for value.

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21. Section 2.5a of the Act provides, *inter alia*, that "Offer" shall include every offer to sell or otherwise dispose of, or solicitation of an offer to purchase, whether orally or by means of publication, including but not limited to printed and electronic media, a security or interest in a security for value; provided that the term "offer" shall not include preliminary negotiations or agreements between an issuer and any underwriter or among underwriters who are or are to be in privity of contract with an issuer, or the circulation or publication of an identifying statement or circular or preliminary prospectus, as defined by rules or regulations of the Secretary of State.
22. Section 8.E.1(e) of the Act provides, *inter alia*, that the registration of a dealer, salesperson, or registered principal of a dealer may be suspended or revoked if the Secretary of State finds that the dealer, salesperson, or registered principal of a dealer has (i) failed to reasonably supervise the securities activities of any of its salespersons or other employees and the failure has permitted or facilitated a violation of Section 12 of the Act or (ii) has failed to maintain and enforce written procedures to supervise the types of business in which it engages and to supervise the activities of its salespersons that are reasonably designed to achieve compliance with applicable securities laws and regulations.
23. Section 8.E.1(q) of the Act provides, *inter alia*, that the registration of a dealer, salesperson, investment adviser, or investment adviser representative may be suspended or revoked if the Secretary of State finds that the dealer, salesperson, investment adviser, or investment adviser representative has failed to maintain the books and records required under the Act or rules or regulations promulgated under the Act or under any requirements established by the SEC or a self-regulatory organization.
24. 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.
25. 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, for each violation of the Act; may issue an order of public censure; and may charge as costs of investigation all reasonable expenses, including attorney's fees and witness fees.
26. At times relevant hereto, Respondent Tyler Olson, acting as a salesperson and an investment adviser representative, assisted in the preparation of forms, reports, Agreements, and other books and records as required by PSSI's policies and procedures. These books and records included, but were not limited to, Agent Reports, Subscription Agreements, New Account Information forms, and Client Agreement and Profile forms.
27. The documentary evidence in the Record established that certain records, as noted in paragraph 17, prepared by Respondent Tyler Olson and approved by Respondent

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Lawrence Olson contained errors and inconsistencies. The documents were required records pursuant to the procedures of PSSI and the securities laws, rules, and regulations of the SEC, FINRA, and Illinois Securities Department.

28. Therefore, Respondent Tyler Olson failed to maintain accurate records as required pursuant to the procedures of PSSI and the securities laws, rules, and regulations of the SEC, FINRA, and Illinois Securities Department.
29. At times relevant hereto, Respondent Lawrence Olson, acting as a designated principal, financial and operations principal, and general securities principal, had the duty to supervise the activities of Respondent Tyler Olson. That supervisory duty included reviewing customer and transaction records for accuracy and completeness and approving or not approving transactions as warranted by the underlying facts.
30. Respondent Lawrence Olson failed to adequately supervise the securities activities of Respondent Tyler Olson, permitting or facilitating Respondent Tyler Olson's failure to maintain accurate records, and failed to enforce PSSI's written procedures, which were intended to achieve compliance with applicable securities laws and regulations, by approving transactions without adequately reviewing the records and underlying facts for each transaction.
31. By virtue of the foregoing, Respondents Tyler Olson and Lawrence Olson are subject to an order of censure and a fine.

WHEREAS, the following Conclusions of Law are adopted as the Conclusions of Law of the Secretary of State.

32. Respondent Tyler Olson failed to maintain accurate books records and, therefore, has violated Section 12.A of the Act and is subject to sanctions pursuant to Sections 8.E.1(q) and 11.E(4) of the Act.
33. Respondent Lawrence Olson failed to maintain accurate books and records and to adequately supervise Respondent Tyler Olson's activities and, therefore, has violated Section 12.A of the Act and is subject to sanctions pursuant to Sections 8.E.1(e), 8.E.1(q), and 11.E.(4) of the Act.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

34. Respondent Tyler Olson is hereby **CENSURED** and ordered to pay a fine in the amount of one thousand dollars (\$1,000) to the Illinois Secretary of State for deposit in the Securities Audit and Enforcement Fund. The payment is to be mailed to the Illinois Securities Department, 421 East Capitol Avenue, 2nd Floor, Springfield, Illinois 62701, within ten business days from the entry of this Order.

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35. Respondent Lawrence Olson is hereby **CENSURED** and ordered to pay a fine in the amount of two thousand dollars (\$2,000) to the Illinois Secretary of State for deposit in the Securities Audit and Enforcement Fund. The payment is to be mailed to the Illinois Securities Department, 421 East Capitol Avenue, 2nd Floor, Springfield, Illinois 62701, within ten business days from the entry of this Order.

ENTERED: This 25th day of *January*, 2017.



Jesse White
Secretary of State
State of Illinois

Attorney for the Secretary of State:

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DATE OF MAILING: This 25th day of *January*, 2017.

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Illinois Securities Law of 1953, as amended, 815 ILCS 5/1 *et seq.* 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 this Order, shall be guilty of a Class 4 felony.

This is a Final Order subject to judicial review pursuant to the Administrative Review Law, 735 ILCS 5/3-101 *et seq.* and the Rules and Regulations of the Act, 14 Ill. Admin. Code, Ch. I, Sec. 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. Mailing of this Order to the Respondent or representative of record constitutes service of the Order.